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MELIOR INVESTMENT
MANAGEMENT

ADAMANTEM
CAPITAL

ADAMANTEM GROUP

MODERN SLAVERY STATEMENT

DECEMBER 2022

This Statement is for the period 1 July 2021 to 30 June 2022

STRICTLY CONFIDENTIAL

FORWARD

In the spirit of reconciliation the Adamantem Group acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today. We also accept the invitation in the Uluru Statement from the Heart to walk together with Aboriginal and Torres Strait Islander peoples in a movement of the Australian people for a better future.

It is increasingly evident that investors and businesses must consider, assess and manage sustainability risks in their operations and their supply chains to create long-term value for all stakeholders. The Adamantem Group strives to deliver outstanding financial returns on investments alongside positive environmental and social outcomes, through adopting a responsible investing approach – and in some cases an impact investing approach – in both our private and public equities businesses. Responsible investing is at the heart of what we do and this includes incorporating human rights and modern slavery in the core functions and day-to-day operations of our own business.

This is our third voluntary modern slavery statement. We are not required to lodge one under the *Modern Slavery Act 2018* (Cth) but do so as part of our proactive commitment to responsible investing and our desire to increase awareness and encourage action amongst the broader investment community.

For the previous two years, we have submitted a separate statement for each of our two key operating businesses, our private equity business Adamantem Capital,¹ and our public equities business Melior.² In 2022, we streamlined our business operations and therefore have prepared this combined Modern Slavery Statement as a representation of the commitment and achievements of the entire Adamantem Group business with respect to modern slavery.³

We are proud to submit this Statement and share our progress, with key initiatives this Reporting Period designed to better monitor and manage potential modern slavery risk in our operations and supply chain.

There is still work to be done, and through our actions and public reporting we hope to share our knowledge and experience, encourage broader industry engagement and learn from others so that we can continue to evolve our own approach.

This joint statement is made pursuant to section 14(1) of the Act and constitutes the joint statement of Adamantem Capital and Melior for the Reporting Period. This statement has been approved by the board of Adamantem Holdings as the parent entity of Adamantem Capital and Melior on 7 December 2022 and is signed by Rob Koczkar as director of Adamantem Holdings, Adamantem Capital and Melior.



ROB KOCZKAR

Director, Adamantem Holdings,
Adamantem Capital and Melior



LUCY STEED

Chief Executive Officer, Melior

¹ Adamantem Capital Management Pty Ltd (ABN 31 616 283 124)

² Melior Investment Management Pty Ltd (ABN 16 629 013 896)

³ The Adamantem Group covers both the Adamantem Capital and Melior businesses. All actions, policies and procedures apply at the Group level unless otherwise specified

Contents

FORWORD

1. Executive summary	4
2. The Adamantem Group business	5
2.1 About Adamantem Capital	5
2.2 About Melior	7
2.3 Exclusion of investments from this Statement	7
2.4 Impact of COVID-19 on Adamantem Group operations and supply chains	7
3. Structure	8
3.1 Operations	8
3.2 Corporate Structure	8
3.3 Governance	9
4. Adamantem Group supply chains	11
4.1 Overview	11
5. Modern slavery risks in Adamantem Group operations and supply chains	12
5.1 How we assess modern slavery risk exposure	14
5.2 Findings	14
6. Actions taken by Adamantem during the Reporting Period to address modern slavery risks	14
6.1 Modern Slavery Readiness Assessment	14
6.2 Actions taken during the Reporting Period to address modern slavery risks	15
7. Assessing the effectiveness of our actions	17
7.1 How do we approach effectiveness?	17
7.2 How do we measure effectiveness?	17
7.3 Effectiveness Metrics	17
8. Process of consultation	19
9. Other relevant information	19
10 References	20
10.1 Mandatory criteria	20
10.2 Glossary	20

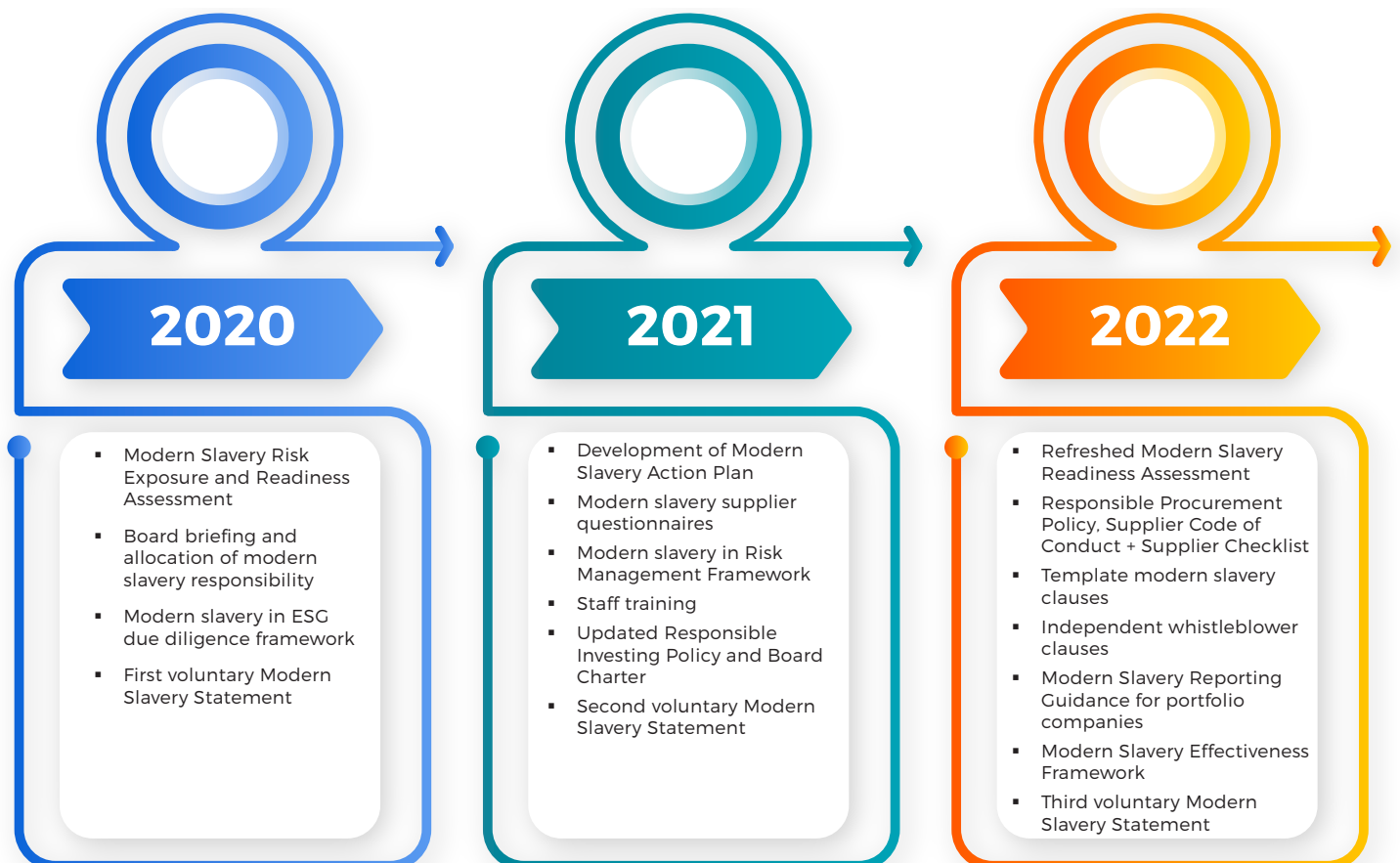
1. Executive summary

The Adamantem Group's responsible investing approach is underpinned by an outcomes-based Theory of Change, developed in 2021, which links our RI activities to the outcomes and impacts we seek to achieve for all stakeholders. This approach is built on three RI Pillars: Environmental Sustainability, Social Inclusion and Governance and Transparency.

Addressing modern slavery risks is an important element of the Social Inclusion pillar and it is integrated throughout the investment lifecycle and our operations:

- **Investing:** Adamantem Capital and Melior assess modern slavery risks in operations and supply chains in due diligence on prospective investments
- **Stewardship:** Adamantem Capital and Melior advocate for and supports improved understanding, management and reporting of modern slavery risks in operations and supply chains in their investments
- **Operating** its own business: the Adamantem Group assesses, manages and reports on modern slavery risks within its own operations and supply chains
- **Influence:** the Adamantem Group shares its insights and contributes to broader industry discussion and collaboration regarding modern slavery

We have made significant progress over the past two years in the way that we consider and address modern slavery risks across all four key business activity areas.

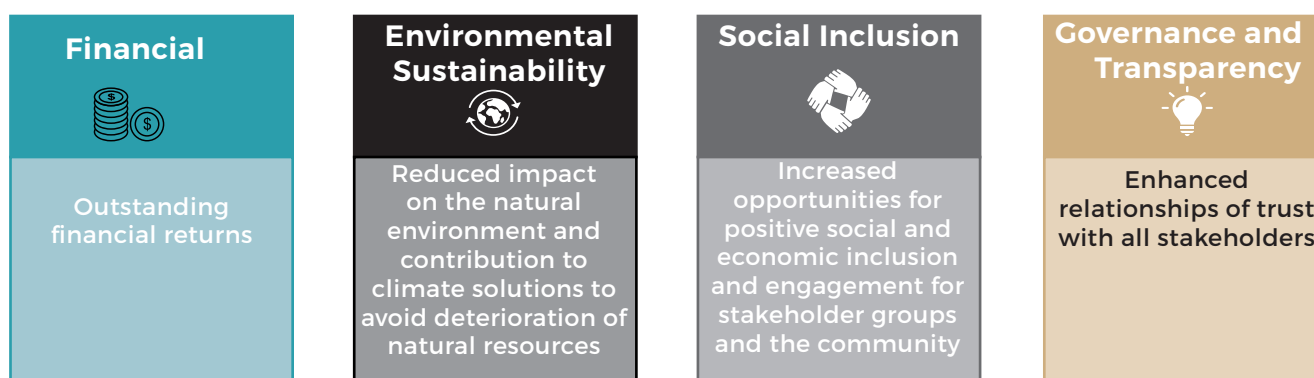


2. The Adamantem Group business

The Adamantem Group's ambition is to consistently produce outstanding financial returns for investors alongside positive environmental and social outcomes for all our stakeholders – our investors, our Portfolio Companies (and their stakeholders), our company (including our employees, suppliers, regulators and policy makers) and the broader community.

The responsible investing and impact investing practices of Adamantem Capital and Melior are designed to take into account RI Pillars of Environmental Sustainability, Social Inclusion, and Governance and Transparency.

Outstanding financial returns with positive social and environmental outcomes



2.1 About Adamantem Capital

2.1.1 Overview

Adamantem Capital is a private equity investment manager, established in 2016, specialising in the Australian and New Zealand mid-market. It invests with conviction behind clear, well-articulated and well-researched value creation opportunities.

During the Reporting Period, Adamantem Capital managed two private equity investment funds which were established to make control investments in companies with an enterprise value of between A\$100 million and A\$300 million operating in Australia and New Zealand in accordance with its responsible investing approach based on the RI Pillars.

2.1.2 Adamantem Capital investments

As at the end of the Reporting Period, the Adamantem Funds held investments in eight portfolio companies across a range of different industries:

Adamantem Capital Fund I



New Zealand aged care and retirement operator



Australian community-based healthcare business specialising in the provision of allied health and home care services to the aged and disability sectors



Leading producer of processed meats in New Zealand



An Australian manufacturer of specialised, premium horse feed and supplements for the horse racing, breeding and equestrian markets



An Australian firm that engineers and distributes electrical components for commercial and industrial buildings, power distribution networks, infrastructure and mining operations

Adamantem Capital Fund II



An Australian carbon farming project services provider, supporting rural, regional and remote Australia's greenhouse gas emissions and regenerate the landscape through carbon farming



A market leader in outsourced laundry services in Australia and New Zealand, serving customers across healthcare, aged care, manufacturing, mining, construction, transport, hospitality and food industries



An Australian producer of professional haircare products with mainly vegan formulations

An overview of the Adamantem Capital investment approach and performance during the Reporting Period can be found in the Adamantem Capital Annual Responsible Investing Report [here](#).

2.2 About Melior

2.2.1 Overview

Melior is a specialist impact investment equities manager founded in Australia in 2018, and manager of the Melior Fund. Melior's vision is to seek to invest for a better future by delivering long term competitive returns and contributing to the United Nations Sustainable Development Goals.

Melior's investment philosophy is that investing in companies that contribute to the SDGs, and have strong financial and ESG credentials, have the potential for benchmark outperformance over time. Melior seeks to contribute to the SDGs through its investment capital, engaging management and boards to improve their sustainability, publicly advocating for better social and environmental outcomes and measuring progress. Melior uses the term "impact investing" to describe its investment approach.

2.2.2 Melior investments

During the Reporting Period, the Melior Fund invested in ~30 ASX listed companies across a range of industries. An overview of the Melior investment approach and performance during the Reporting Period can be found in the Melior Annual Impact Report Summary [here](#).

2.3 Exclusion of investments from this Statement

As investment managers, Adamantem Capital and Melior are contracted to manage the Funds. The operations of Adamantem Capital and Melior are therefore separate and distinct from the Portfolio Companies invested in by the Funds. As a result of the nature of these activities and the structure of the Funds, Adamantem Capital and Melior do not control the Portfolio Companies. This Statement excludes consideration of the operations and supply chains of individual Portfolio Companies.

2.4 Impact of COVID-19 on Adamantem Group operations and supply chains

The Reporting Period saw the continuation of the COVID-19 pandemic, however with less significant impacts on our business than previous years, as the Group has become accustomed to working flexibly or working from home. Adamantem Group staff continued to work from home where required, and we have continued to take steps to support the physical and mental health, safety and wellbeing of our staff in the office and at home.

3. Structure

3.1 Operations

The Adamantem Group has its registered office at Level 8, 167 Macquarie Street, Sydney, NSW, 2000.

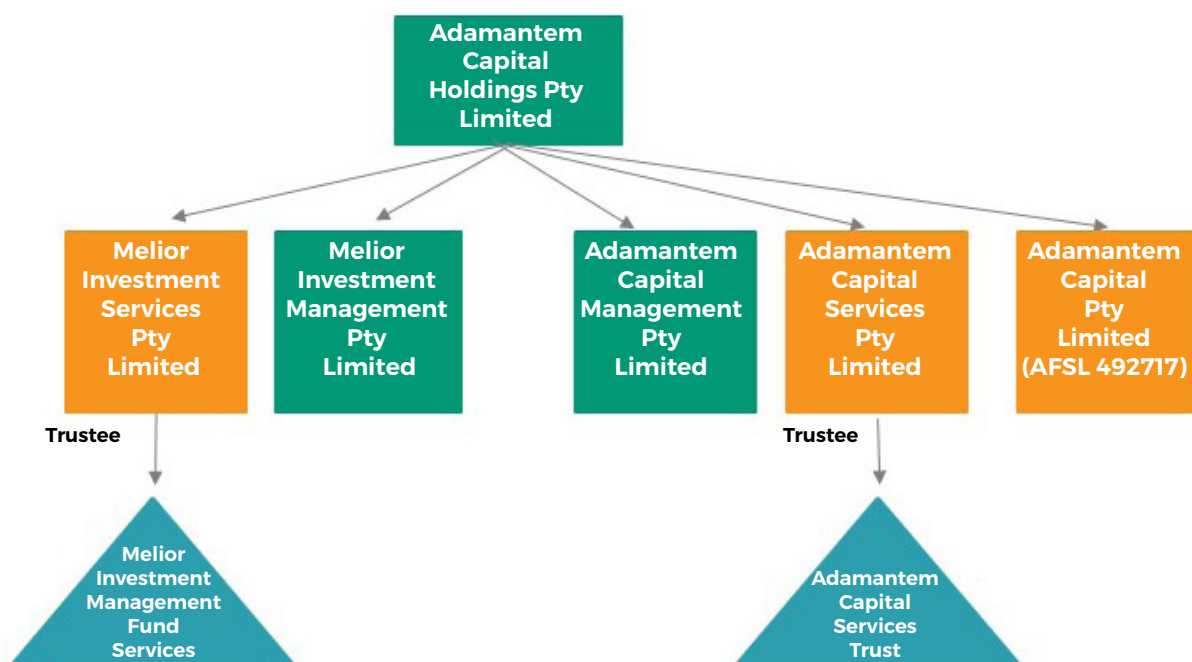
As at the end of the Reporting Period, the Group had a team of approximately 42 permanent staff, including investment and operations professionals. The Adamantem Group is headquartered in Sydney, Australia, with all members of staff working from the Sydney CBD office or from their home in the Sydney region.

3.2 Corporate Structure

Previous Modern Slavery Statements have been submitted separately by Adamantem Capital and Melior. This year, in line with the streamlining of our business operations, this Statement is submitted by Adamantem Holdings on behalf of the Adamantem Group.

The corporate structure of the main operating entities in the Adamantem Group as at the end of the Reporting Period is set out below.

ACM/MIM Structure Chart

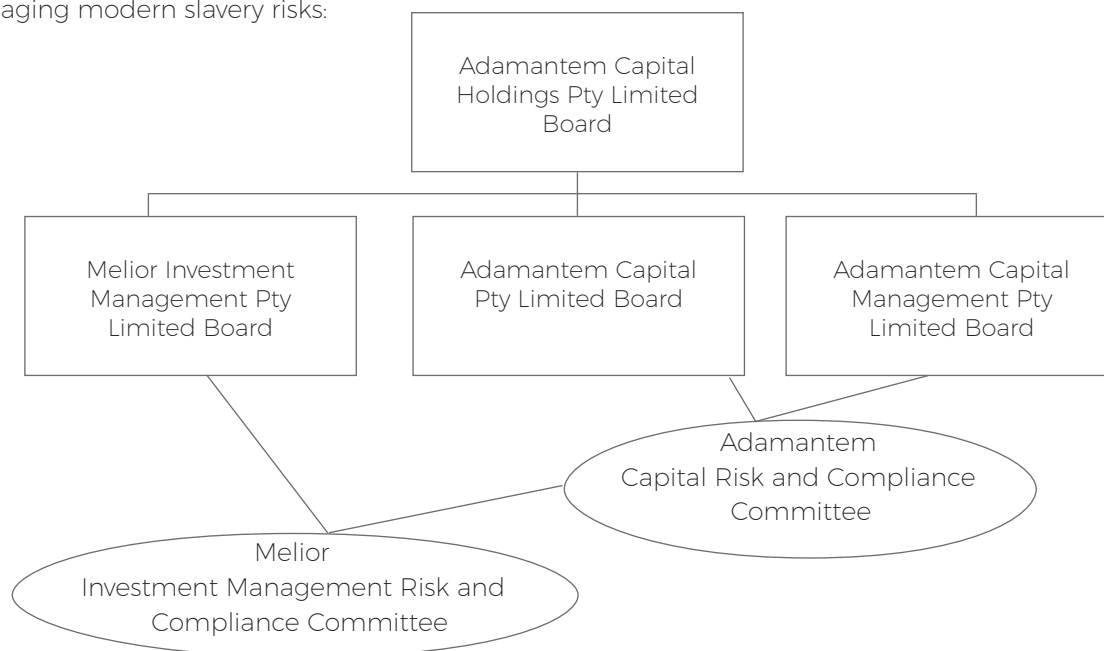


Adamantem Capital and Melior are corporate authorised representatives of Adamantem Capital Pty Limited (ABN 91 614 857 037, AFSL 492717), which is an independently owned Australian investment firm. Adamantem Capital Services Pty Ltd (ACN 616 283 115) as the Trustee for Adamantem Capital Services Trust is the main operating and procurement entity for the Adamantem Group. Melior Investment Services Pty Ltd (ACN 637 770 293) as Trustee for Melior Investment Management Fund Services Trust is the operating and procurement entity for the Melior business.

3.3 Governance

The Adamantem Capital Risk and Compliance Committee and Melior Risk and Compliance Committee (RCCs) are delegated responsibility for the overall management of modern slavery risks in our business and are directly accountable to the Adamantem Capital Board and the Melior Board, respectively. The Adamantem Holdings Board of Directors is responsible for signing off on the Adamantem Group's voluntary Modern Slavery Statement.

The following table illustrates the Adamantem Group's governance structure as it is relevant for assessing and managing modern slavery risks:



3.3.1 Risk management in our operations

The Adamantem Group manages modern slavery risks within its own business in accordance with its Australian Standard ISO 31000:2018-aligned Risk Management Framework and its Board-approved MS Action Plan.

The Risk Management Framework sets out the processes for identifying, analysing, evaluating, monitoring and reporting on risks arising in the Adamantem Group business and specifically identifies modern slavery and unethical supply practices as supply chain risks. These risks have an inherent rating as low (modern slavery risks) and moderate (unethical supply practices risk) and are reviewed and reported on annually by the Group General Counsel to the RCCs.

The MS Action Plan demonstrates our proactive commitment to integrating and implementing RI within our business, setting out the intended actions to be taken across the four key areas of the Adamantem Group business. The MS Action Plan is designed to target high risk elements of our operations and supply chain and focus on strengthening our supply chain management processes and policies.

3.3.2 Risk management in our investment processes

Investments made by the Adamantem Fund are made in accordance with the Adamantem Capital Responsible Investing and Impact Investing Policy. The Policy clearly states that it will not invest in businesses that engage in modern slavery as defined by the Act. Modern slavery risk is assessed by Adamantem Capital in pre-investment due diligence where it is considered to be a material risk, and Adamantem Fund Portfolio Companies are supported during their ownership period to assess modern slavery risks in their operations and supply chains, and to report under the Act where required to do so.

Investments made by the Melior Fund are assessed by Melior for modern slavery risk prior to investment as part of its ESG assessment process, and during the investment period, Melior measures evidence of modern slavery performance indicators as one of 20 key KPIs. Melior actively advocates for continuous improvement in the reporting and analysis of modern slavery risks. The Melior Proxy Voting and Advocacy Policy states that it will exercise its voting discretion with a consideration of ESG and sustainability, aligned with its Corporate Impact Pillars SDG Strategic Advocacy Themes which include 'Social Inclusion'.

As noted in section 2.3, the operations and supply chains of individual Portfolio Companies are excluded from this Statement.

3.3.3 Modern Slavery responsibilities

The Group General Counsel is responsible for identifying, monitoring and reporting on modern slavery risks and impacts to the relevant RCCs, and overseeing the implementation of the risk controls specified in the Risk Management Framework.

The Senior Associate – Legal, Governance & Compliance, together with the Director, People, Office and Culture, have day-to-day responsibility for assessing and managing modern slavery risks and impacts across the Adamantem Group business operations by overseeing the implementation of the Responsible Procurement Policy, Supplier Checklists and Risk Questionnaires, MS Action Plan action items, and measurement of progress against the Effectiveness Framework, which is overseen by the Managing Director, Responsibility and Impact.

3.3.4 Policies

The Adamantem Group manages the risk of modern slavery in our operations and supply chains as well as in our investments through a broad suite of policies which are discussed in further detail throughout this Statement.

Policy	Purpose
Operations	
Diversity, Inclusion and Equal Opportunity Policy and Diversity & Inclusion Framework	To ensure that the Group maintains a diverse workforce and inclusive culture. Policy includes a commitment to uphold the ILO conventions regarding freedom of association, collective bargaining, child labour, forced labour and non-discrimination
Acceptable Workplace Behaviour Policy	To create a positive workplace. Policy sets out informal and formal complaint reporting procedures
Workplace Health and Safety Policy	To provide a safe and healthy work environment for all employees
Whistleblower Policy	To foster good corporate governance and ethical behaviour. Policy provides internal and external avenues for reporting complaints and concerns, and specifically addresses non-retaliation and victimisation of whistleblowers
Supply Chain	
Responsible Procurement Policy and associated Supplier Code of Conduct and Supplier Onboarding Checklist	To ensure that the purchasing decisions minimise negative and enhance positive impacts on the environment and society by setting standards and increasing our understanding of suppliers' alignment with our RI Pillars. Checklist includes specific questions regarding modern slavery reporting and policies and Supplier Code includes expectations with respect to labour and human rights
Investments	
Adamantem Capital Responsible Investing and Impact Policy	To outline Adamantem Capital's approach to RI in its investment processes. Policy specifically excludes investments in businesses engaged in modern slavery
Melior Responsible Investing Policy	To outline Melior's approach to RI. Policy includes investment beliefs and approach including Impact and ESG assessment criteria
Melior Proxy Voting and Advocacy Policy	To outline Melior's approach to proxy voting and advocacy to influence companies to have a positive impact

4. Adamantem Group supply chains

4.1 Overview

Since the last Reporting Period, there has been no material change to the products and services directly procured by the Adamantem Group. These continue to include:

- **Products** – office supplies, office equipment, catering supplies and consumables for the office
- **Services** – professional services support (such as legal, accounting, financial advisory and management consultancy support), as well as services in relation to travel, telecommunications, recruitment, public relations, property rental (including cleaning) and IT support

The only change to note during Reporting Period is that both Adamantem Capital and Melior moved office buildings, to a combined space, with a new landlord. The Group is in regular discussions with building management regarding ESG risks and initiatives.

During the Reporting Period, the Group had in excess of 200 suppliers. In 2020 and 2021, we focused on analysing our supply categories and likely risk areas (details of which are included in our previous Modern Slavery Statements). In 2022, we have deepened our understanding of our suppliers' performance and commitment to human rights and modern slavery as part of the rollout of the Adamantem Group Responsible Procurement Policy (see further details in section 5.1).

Modern slavery clauses

Example of a modern slavery clause we seek to include in all supplier contracts

Compliance

The Supplier must comply with all Modern Slavery Laws and take reasonable steps to identify, assess and address risks of Modern Slavery in its operations and supply chains.

Supplier warranties

The Supplier represents and warrants that, as at the date of this Agreement, neither it nor the Supplier Personnel or its Related Bodies Corporate:

- have been convicted of any offence involving Modern Slavery; and
- to the best of its knowledge, having made reasonable enquiries, have been or are the subject of any investigation, inquiry or enforcement proceedings by any government Agency regarding any offence or alleged offence of, or in connection with Modern Slavery.

Notification

The Supplier will immediately give written notice to Adamantem if it becomes aware of a possible, potential, suspected or actual breach by it or its Supplier Personnel of any Modern Slavery Laws.

Assistance

The Supplier will comply with any reasonable requests made by Adamantem for assistance, for the provision of information or documents as required by Adamantem to enable Adamantem's own compliance under or related to Modern Slavery Laws.

5. Modern slavery risks in Adamantem Group operations and supply chains

5.1 How we assess modern slavery risk exposure

We continue to apply the UNGP framework of “cause, contribute to, or be linked” when assessing the Adamantem Group’s relationship to modern slavery. As our operations and supply chain have not materially changed in the past 2 years, we continue to leverage the findings of a modern slavery risk exposure assessment conducted by an external consultant in 2020.

The assessment determined that the Adamantem Group’s modern slavery risk exposure is higher through our supply chains than through our own operations;⁴ consequently our risk assessment activities focus on our supply chains:

- The Responsible Procurement Policy facilitates an initial assessment of the responsibility and sustainability credentials of all new material suppliers (based on monetary thresholds). The Policy stipulates that all new material suppliers must agree to the Supplier Code and Supplier Checklist
- The Supplier Code sets the expectations for supplier behaviour and contains obligations with respect to modern slavery, including clauses addressing: freedom of association; collective bargaining; child labour; and forced labour
- The Supplier Checklist assesses suppliers’ ESG capabilities, and specifically requests information regarding mandatory modern slavery reporting and any modern slavery or ethical policies in place to assist our risk assessment. During the Reporting Period, the Supplier Checklist was sent to 20 suppliers, with an 80% response rate.

Adamantem Group Responsible Procurement Policy

Examples of provisions to address modern slavery

“Adamantem’s suppliers and business partners are expected to respect the human rights of their employees and those who are impacted by their business. They are expected to not tolerate any form of modern slavery in their workplaces, or those of their supply chain.”

“[A] Supplier’s responses to the [Responsible Investing Supplier] Checklist will be assessed to determine a potential supplier’s current alignment with our Responsible Investing Pillars approach, including their approach to human rights and modern slavery. A supplier’s willingness to commit to addressing any gaps in their responses to the Checklist will also be considered in the procurement decision.”

“If violations have occurred, Adamantem will work with the relevant supplier or business partner to mitigate the impacts and to seek to prevent them recurring. If the supplier is unable or unwilling to cooperate with us to mitigate the impacts, Adamantem may choose to end the relationship with the supplier (subject to contractual obligations).”

⁴ Excluding our exposure through our investments, which is outside the scope of this Statement

5.2 Findings

Our findings from the last reporting period in relation to modern slavery risks in our operations and supply chains, as set out below, remains applicable.

Operation/Supply Chain Element	Description of potential modern slavery risks
Procurement of services that rely on base skilled labour, which are considered at higher risk of modern slavery practices	We have identified that there is a risk that the Adamantem Group may be directly linked to modern slavery through our use of the following services: ▪ Premises cleaning ▪ Premises security ▪ Catering
Procurement of products which are exposed to higher risks of modern slavery in their production processes	We have identified that there is a risk that the Adamantem Group may be directly linked to modern slavery through our procurement of the following products: ▪ IT & computer equipment, which often contain high risk commodities that are connected with child labour and forced labour ▪ Groceries and consumables, which are exposed to sector, commodity and geographic risk
Investment in Adamantem Fund Portfolio Companies which operate in sectors with higher risks of modern slavery	Adamantem Capital has identified that there is a risk that it may be indirectly linked to modern slavery through the Adamantem Funds' investments in Portfolio Companies which operate in the following high risk sectors: ▪ Manufacturing ▪ IT services & software ▪ Healthcare services ▪ Agriculture/Agricultural products These portfolio companies may also have supply chains located in areas of high geographic risk
Our overall exposure to modern slavery risk is considered to be Low	The risk that modern slavery exists in the Adamantem Group or any of its suppliers is rated as 'low' in the Risk Management Framework. Our Risk Management Framework notes that the causes of this potential risk include supplier conduct, Group processes not identifying risk areas, not requiring suppliers to disclose these issues and/or lack of awareness of the issues. This may result in severe human risks to those involved and reputational risks to the Adamantem Group. We aim to mitigate this risk via controls, including deliberate consideration of human rights and responsible sourcing (including modern slavery risks) when making purchasing decisions.

This Reporting Period, we overlaid the above risk findings with the results of our Supplier Checklist responses, which indicated that of the responding suppliers:

- All provide fair pay and working conditions, including compliance with applicable laws and regulations
- 69% mandatorily report under the Act
- 81% have specific organisational standards or policies in place in respect of modern slavery or ethical practices for their employees and contractors

On the basis of the above, we have determined that the Adamantem Group's modern slavery risk exposure remains at the 'linked' level of responsibility, and these assessments and findings have formed the basis for our actions this Reporting Period.



6. Actions taken by Adamantem during the Reporting Period to address modern slavery risks

6.1 Modern Slavery Readiness Assessment

In 2020, the Group conducted a Modern Slavery Readiness Assessment for each of Adamantem Capital and Melior with an external consultant, to assess the business' ability to monitor and manage modern slavery risks. In line with our commitment to continuous improvement, we re-engaged the external consultant to measure the progress of the Adamantem Group as at the end of the Reporting Period.

The results of the analysis, indicate an overall high scoring for Adamantem Group's performance, with improved scoring achieved across both Adamantem Capital and Melior in all assessment areas of:

- Responsibility and Accountability
- Governance and Policy
- Due Diligence and Management Systems
- Supply Chain Management
- Grievance and Remediation
- Investment Processes

The most significant improvements were noted in the areas of Supply Chain Management and Governance and Policy, largely as a result of the actions taken to address modern slavery risk in our Operations and Supply Chain, described in section 6.2.

Feedback from this assessment process will feed into the further development of our MS Action Plan.

6.2 Actions taken during the Reporting Period to address Modern Slavery Risks

Given the Adamantem Group's low risk profile and linked responsibility status, our actions this Reporting Period focus on our key areas of influence. Our MS Action Plan is structured across our 4 key business activity areas of Invest, Stewardship, Operations, Influence. During this Reporting Period, the focus of the bulk of our activities and initiatives was addressing modern slavery risk in the Adamantem Group Operations:

What we did	Why we did it
Operations	
Effectiveness Framework – Developed a proprietary Modern Slavery Effectiveness Framework for tracking and assessing the effectiveness of our MS Action Plan and conducted baseline measurements. Further details regarding the Effectiveness Framework are included in section 7 below	To increase our accountability and ability to measure the impact our of modern slavery initiatives in mitigating and managing the risk of modern slavery in our operations
Whistleblower services – Engaged an external provider of whistleblower and ethics service and support, and appointed two internal whistleblowing protection officers	To facilitate the identification and reporting of modern slavery incidents in accordance with our Whistleblower Policy and enhance our oversight
Modern Slavery Reporting Guidance – Reviewed academic commentary and best practice examples, and prepared a Modern Slavery Reporting Guidance note (also shared with Adamantem Fund Portfolio Companies required to report	To understand market expectations and enhance our approach to modern slavery reporting
Supply Chain	
Responsible Procurement Policy, Supplier Code and Checklist – Implemented Responsible Procurement Policy, Supplier Code and Supplier Checklist (see further details in section 5.1) and developed a matrix to monitor supplier responses and identify high-risk suppliers	To ensure that purchasing decisions align with our modern slavery commitments, set expectations for supplier conduct and better understand suppliers, to ultimately identify and manage modern slavery risk exposure in our supply chain
Modern Slavery clauses – Developed a standard set of terms and conditions relating to modern slavery to be included in supplier contracts that address: supplier compliance with the Act; incidents of modern slavery breaches; and an agreement to facilitate the Group's compliance with modern slavery laws	To reflect the market shift towards greater transparency, reporting requirements and business accountability with respect to supply chain contracting and further encourage supplier compliance
Policy training – Conducted all staff training regarding development and implementation of Responsible Procurement Policy, Supplier Code, Supplier Checklist and Modern Slavery clauses	To ensure risk awareness and implementation of modern slavery initiatives throughout the Adamantem Group business

The Group also continued to undertake actions that address modern slavery through our three other business activity, including:

ESG Metrics - Adamantem Capital rolled out its proprietary “ESG Metrics Reporting Framework” to Fund II Portfolio Companies, including reporting relating to child labour, young workers and forced or compulsory labour.

Melior updated its Quarterly KPIs and ESG Framework to include an evaluation of the quality and effectiveness of that statement.

Portfolio Company tools - Developed a Modern Slavery Toolkit to support Adamantem Fund Portfolio Companies to assess modern slavery risks in operations and supply chains, and build a modern slavery action plan

Responsible Investment - Continued to consider modern slavery in pre-investment due diligence processes for each of Adamantem Capital and Melior

Whistleblower services - As at the end of the Reporting Period, 87% of Adamantem Fund Portfolio Companies supported to establish external whistleblowing services to enhance grievance mechanisms and access to remedy

Modern slavery thoughtpiece - Released thoughtpiece “Supply chain sustainability steps into the spotlight” focusing on management of supply chain sustainability risks

UNGC reporting - Completed UNGC reporting, which includes public disclosure of policies and actions regarding human rights and labour rights (see further details in section 9 below)

Engagement - Adamantem Capital conducted targeted engagement on the topic of modern slavery with two key investors and one key supplier.

Melior engaged with 20 high-risk organisations on the topic of modern slavery and conducted a meeting solely dedicated to modern slavery reporting with the Human Rights team of a large national retailer.

Public Reporting - Shared last year’s Modern Slavery Statements for each of Adamantem Capital and Melior with our staff, investors, Portfolio Companies and publicly and included commentary on modern slavery and commitments in the inaugural Adamantem Capital Annual Responsible Investing Report, Melior Annual Impact Report and Melior Proxy Voting Report

7. Assessing the effectiveness of our actions

In 2021, we made a commitment to mature our approach to tracking and assessing the effectiveness of our MS Action Plan. In response, in March 2022, we developed and adopted the Adamantem Group Modern Slavery Effectiveness Framework. The Effectiveness Framework allows the Adamantem Group to assess whether actions and policies are being implemented optimally, whether it has responded effectively and to drive continuous improvement.

Although there is no established best practice for effectiveness tracking, as all market participants are in the process of developing their approaches, the development of the Effectiveness Framework has been guided by principles of the UPGP and the GRI Standards, as well as extensive research of third party commentary on modern slavery risks and approaches.

7.1 How do we approach effectiveness?

The Effectiveness Framework sets out:

- a. a cross-functional approach to assessing effectiveness, through applying standardised Effectiveness Metrics; and
- b. the process for how the Group will report against this Effectiveness Framework.

The RCCs have ultimate responsibility for the Effectiveness Framework, with results and proposed actions reported annually. The finalised results are used to inform amendments to the MS Action Plan and our annual Modern Slavery Statement. The Effectiveness Framework will be reviewed every four years.

7.2 How do we measure effectiveness?

The Effectiveness Framework is structured as a phased process to progressively assess effectiveness in both qualitative and quantitative ways as follows:

FY 22 + 23

- Establish baseline numbers (where possible)
- Measurement and year on year comparison

FY 24 – 26

- Introduce additional Effectiveness Metrics
- Measurement and year-on-year comparison

Effectiveness Metrics are tracked by the Responsible Investment and Impact and Legal teams.

7.3 Effectiveness Metrics

The following Effectiveness Metrics have been collated for the Reporting Period.

	Metric	FY22
INVESTMENT	# of investors specifically engaged with regarding modern slavery	Adamantem Capital - 2
	# and % of ESG reviews conducted on potential transactions that included modern slavery as a focus area [Adamantem Capital]	Adamantem Capital - 5 deals, 100% ⁵
STEWARDSHIP	% of Adamantem Fund Portfolio Companies completed supply chain modern slavery risk assessment [Adamantem Capital]	Adamantem Capital - 50%
	% of Portfolio Companies issued Modern Slavery Statements (mandatory/ voluntary)	Adamantem Capital - 37.5% Melior - 97%
OPERATIONS (Supply Chain)⁶	% of material suppliers issuing Modern Slavery Statements	50%
	% of material suppliers with policies specifically addressing modern slavery	65%
	# of material suppliers engaged with regarding modern slavery	1
OPERATIONS (Internal)	# of reports of modern slavery (and remediation undertaken if necessary)	0
	% of actions implemented to deadline (ie compliance with MS Action Plan)	93%
	% of staff completing human rights and modern slavery training	N/A ⁷
INFLUENCE	# of instances of public engagement on modern slavery	1 Thoughtpiece
	(includes conferences, interviews, webinars, working groups and thought pieces)	2 Working Groups
		3 Webinars
		Melior - 20 Corporate Stewardship Engagements

- 5 All potential transactions proceeding past the first stage of investment committee review are required to undertake external due diligence, which necessarily includes a consideration of modern slavery
- 6 Note re material suppliers – Phase 1 of the Effectiveness Framework metrics assesses the performance of Adamantem and Melior’s material suppliers in combination. Material suppliers are the top twenty suppliers as determined by spend
- 7 No human rights and modern slavery training was undertaken during the Reporting Period

8. Process of consultation

This Statement was drafted with input from key stakeholders across the Adamantem Capital and Melior businesses. The Managing Director, Responsibility and Impact, Group General Counsel, Director, People, Office and Culture, and Senior Associate – Legal, Governance and Compliance, who have key responsibility for the management and reporting of modern slavery, operate across the two businesses.

All entities in the Adamantem Group are owned and controlled by the same shareholders and have appointed the same directors who have prepared, reviewed and adopted this Statement.

9. Other relevant information

The Adamantem Group seeks to engage and positively influence individuals, organisations and the broader investment community in relation to modern slavery principles and practices. We do this through engaging with industry collaborations, and sharing our thinking and initiatives through publications and in public forums including:

- **UNGC Early Adopter CoP** – The Adamantem Group joined the UN Global Compact in 2021, which includes signing up to the 10 Principles of the UNGC which cover human rights, labour rights (including modern slavery), bribery and corruption and environmental commitments. We submitted our first Communication on Progress (as an Early Adopter) on 29 June 2022. The CoP specifically addresses how modern slavery is managed throughout the business through Policies, Prevention, Concerns and grievance mechanisms and Lessons learnt – our responses are publicly available [here](#)
- **UNPRI Reporting** – Each of Adamantem Capital and Melior remain a signatory of the Principles for Responsible Investment. Both Adamantem Capital and Melior prepared Assessment Reports and Transparency Reports in 2021
- **RIAA working group engagement** – The Adamantem Group participated on the Human Rights Working Group and First Nations Peoples Working Group of the Responsible Investment Association Australasia

10. References

10.1 Mandatory criteria

This Statement has been prepared to meet the mandatory reporting criteria of the Act as follows

Mandatory criteria	Section
Identify the reporting entity	2
Describe the reporting entity's structure, operations and supply chain	3 and 4
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	5
Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes	6
Describe how the reporting entity assesses the effectiveness of these actions	7
Describe the process of consultation that any entities that the reporting entity owns or controls	8
Provide any other relevant information	9

10.2 Glossary

Act	<i>The Modern Slavery Act 2018</i> (Cth)
Adamantem Capital	Adamantem Capital Management Pty Ltd (ABN 31 616 283 124)
Adamantem Funds	The two private equity investment funds managed by Adamantem Capital
Adamantem Fund Portfolio Companies	The eight investment companies held by the Adamantem Capital Funds
Adamantem Group or the Group	Adamantem Holdings and all subsidiary entities, including Adamantem Capital and Melior
Adamantem Holdings	Adamantem Capital Holdings Pty Limited (ABN 63 606 371 724)
CoP	UNGC Communication on Progress
Effectiveness Framework	Adamantem Group board-approved Modern Slavery Effectiveness Framework

Effectiveness Metrics	Standardised metrics measured in accordance with the Effectiveness Framework
ESG	Environmental, Social and Governance
Funds	Together, the Adamantem Funds and the Melior Fund
GRI Standards	Global Reporting Index global standards for sustainability impacts
KPI	Key performance indicator
ILO	International Labour Organisation
Melior	Melior Investment Management Pty Ltd (ABN 16 629 013 896)
Melior Fund	Melior Australian Impact Fund (ARSN 634 081 744)
Melior Fund Portfolio Companies	ASX listed entities held by the Melior Fund as at the end of the Reporting Period
MS Action Plan	The Adamantem Group Modern Slavery Action Plan
Portfolio Companies	Together, the Adamantem Capital Portfolio Companies and Melior Portfolio Companies
Reporting Period	1 July 2021 to 30 June 2022
RCC	The Adamantem Capital Risk and Compliance Committee and The Melior Risk and Compliance Committee
RI	Responsible Investing
RI Pillars	Adamantem Group Responsible Investing Pillars being Environmental Sustainability, Social Inclusion, and Governance and Transparency
RI & I Policy	Adamantem Capital Responsible Investing and Impact Policy
SDGs	United Nations Sustainable Development Goals
Statement	Adamantem Group Modern Slavery Statement for the Reporting Period prepared in accordance with the Act
Supplier Checklist	Adamantem Group Supplier Onboarding Checklist
Supplier Code	Adamantem Group Supplier Code of Conduct
UNGP	United Nations Guiding Principles on Business and Human Rights

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LINKEDIN **[in](#)**



GLOBAL SLAVERY INDEX

GLOBAL
SLAVERY
INDEXWE'VE
MEASURED
ITKEY FINDINGS FROM THE GLOBAL
SLAVERY INDEX

CONTINUE SCROLLING

UNDERSTANDING THE SCALE OF
MODERN SLAVERY

Modern slavery is hidden in plain sight and is deeply intertwined with life in every corner of the world.

Each day, people are tricked, coerced, or forced into exploitative situations that they cannot refuse or leave. Each day, we buy the products or use the services they have been forced to make or offer without realising the hidden human cost.

An estimated 50 million people were living in modern slavery on any given day in 2021, an increase of 10 million people since 2016.

WHAT IS THE GLOBAL SLAVERY INDEX?



GLOBAL SLAVERY INDEX



with survivors collected through nationally representative household surveys across 75 countries and our assessment of national-level vulnerability.

With the exception of contributions from external authors, the Global Slavery Index is produced by Walk Free. We are solely responsible for the contents of this report.

49.6M

people in modern slavery

Photo credit: Marcos Moreno /
AFP via Getty Images

2.3M

people in Pakistan

11M

people in India



GLOBAL SLAVERY INDEX

▼



Strait of Gibraltar, Atlantic Ocean, September 2018. A boat carrying migrants is stranded at sea. Many migrants are driven to leave their homes due to conflict, or displacement caused by climate change.

EXPLORE PREVALENCE DATA

WORLDWIDE PREVALENCE MAP

GLOBAL FINDINGS

Most prevalent

The countries estimated to have the highest prevalence of modern slavery tend to be conflict-affected, have state-imposed forced labour, and have weak governance.

Eritrea	2	90.3	320,000
Mauritania	3	32.0	149,000
Saudi Arabia	4	21.3	740,000
Türkiye	5	15.6	1,320,000
Tajikistan	6	14.0	133,000
United Arab Emirates	7	13.4	132,000
Russia	8	13.0	1,899,000
Afghanistan	9	12.0	505,000

Least prevalent

The countries with the lowest prevalence of modern slavery are those with strong governance and strong government responses to modern slavery.



WALK  FREE			
GLOBAL SLAVERY INDEX ▼			
Netherlands	157	0.6	10,000
Sweden	156	0.6	6,000
Denmark	155	0.6	4,000
Belgium	154	1.0	11,000
Ireland	153	1.1	5,000

WHAT IS MODERN SLAVERY?

Modern slavery takes many forms and is known by many names. Essentially, it refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, or deception.

Modern slavery includes forced labour, forced or servile marriage, debt bondage, forced commercial sexual exploitation, human trafficking, slavery-like practices, and the sale and exploitation of children. In all its forms, it is the removal of a person’s freedom — their freedom to accept or refuse a job, their freedom to leave one employer for another, or their freedom to decide if, when, and whom to marry — in order to exploit them for personal or financial gain.

Modern slavery thrives in silence. That’s why we created the Global Slavery Index. The Index answers three key questions for 160 countries: how many people are living in modern slavery, what makes people vulnerable, and what are governments doing to address it?



Idlib, Syria, December 2020. A young boy crushes stones to sell as construction materials and help support his family living in a tent camp for internally displaced people. Photo credit: Muhammed Said/Anadolu Agency via Getty Images.



K’elafo, Ethiopia, January 2023. Ethiopia, Somalia, and Kenya have experienced their worst drought in four decades. The UN estimates drought has led to 12 million Ethiopians experiencing acute food insecurity, increasing the risk of exploitation. Photo Credit: Fernando Soteras / AFP. Getty Images.



GLOBAL SLAVERY INDEX

challenges such as climate degradation, gender inequality, COVID-19, and conflict.

Those fleeing conflict, natural disasters, or repression of their rights, or are seeking to migrate for work, are particularly vulnerable to exploitation, with more people migrating now than at any other point in the last five decades. The widescale deterioration of civil and political rights in the face of these multiple crises increases risks for those already vulnerable to modern slavery. The most vulnerable – women, children, and migrants – remain disproportionately affected.

The 2023 Global Slavery Index provides an assessment of the extent to which a country's population is vulnerable to modern slavery for 160 countries. These national assessments of vulnerability help to inform our estimates of the prevalence of modern slavery, can inform the allocation and direction of anti-slavery efforts, and help to identify future areas of research.

CONFLICT

Each year, thousands of people living in and fleeing warzones are subjected to horrific violence and abuse. Forced recruitment and use by armed groups, abductions and kidnapping for ransom, forced marriage, and forced labour are among the daily risks faced.

READ MORE

CLIMATE CHANGE

The adverse impacts of climate change magnify other drivers of displacement such as loss of livelihoods, poverty, food insecurity, and a lack of access to water and other resources, pushing people to migrate and exposing these vulnerable populations to modern slavery.



GLOBAL SLAVERY INDEX

Modern slavery exists in every region and every country, yet the way modern slavery manifests within a country depends on the unique combination of drivers, the size and distribution of vulnerable groups within a population, and the way in which governments respond to vulnerability.

For example, forced marriage is pervasive in countries where patriarchal views lead to gender inequality and discrimination, reinforced, for example, by laws that prevent women from inheriting land or the absence of laws stipulating 18 years old as minimum of age of marriage. In countries with large populations of migrants and without sufficient labour protections for them, forced labour can be particularly pervasive. In other countries, forced labour is perpetrated by the state, leaving victims with little recourse for remedy.



Nouakchott, Mauritania, June 2018. Mabrouka was a child when she was taken from her mother, also a survivor of forced labour, and was made to work as a domestic servant. Although freed in 2011, she was never able to go to school, and was married two years later, aged 16.

FORCED AND CHILD MARRIAGE

Forced marriage is driven by a variety of factors such as gender biases, harmful cultural practices, poverty, sexuality, gender identity, socio-political instability, conflict, climate change, irregular migration, and a lack of access to education and employment. Eradicating forced marriage worldwide will require a concerted effort by all governments.

[READ MORE](#)

STATE-IMPOSED FORCED LABOUR

In 2021, an estimated 3.9 million people were forced to work by state authorities. State-imposed forced labour takes many forms, including abuse of conscription, compulsory prison labour, or as a means of racial, social, national, and religious discrimination.

[READ MORE](#)

GLOBAL SLAVERY INDEX

institutions. In many countries, only a small proportion of children's institutions are registered with the government, which leaves many children invisible to necessary oversight and protections.

READ MORE



Dunkirk, France, October 2022. A migrant man carrying a child runs to board a smuggler's boat. Migrants forced by circumstance take dangerous journeys to find a better life. Hostile attitudes increase their risk of exploitation.

HOW ARE GOVERNMENTS RESPONDING TO MODERN SLAVERY?

Nearly every government in the world has committed to eradicating modern slavery through their national legislation and policies, yet progress has largely stagnated since 2018.

While it is everyone's responsibility to address modern slavery, governments have a central role to play by enacting legislation, providing safety nets for their population, and pursuing criminals who participate in these hideous crimes.

The global challenges of COVID-19, conflict, and climate change have diverted resources and attention away from modern slavery, leading to a reduction in focus on tackling it. In the top 10 global responses to modern slavery in 2023, there has been little progress. However, there is promising action elsewhere.

KAFALA

The promise of decent wages and steady employment attracts many migrants to the Arab States. However, their reality often differs substantially once they arrive in the country and under the kafala (sponsorship) system.



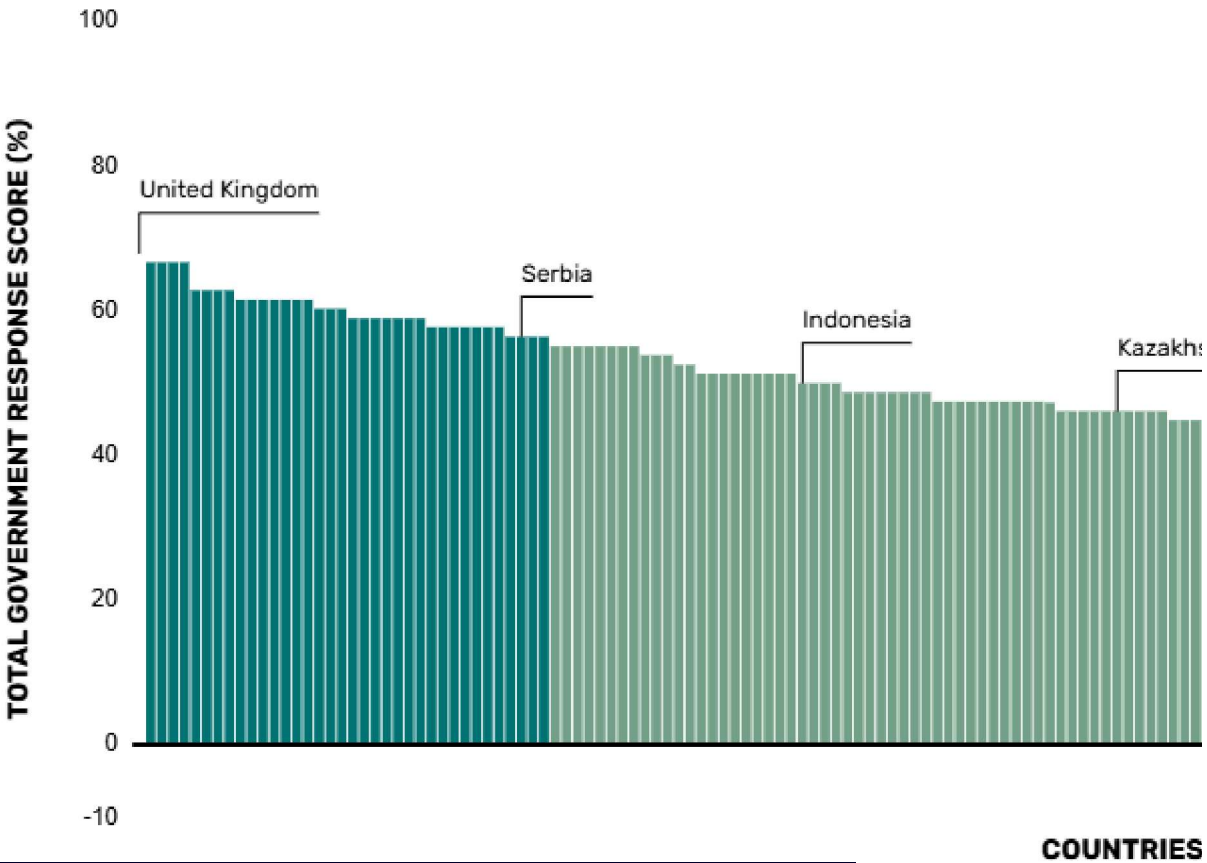
GLOBAL SLAVERY INDEX



perpetrators able to target multiple people in different locations, access their personal information, and exploit vulnerabilities while shielded by online anonymity.

[READ MORE](#)

GOVERNMENT RESPONSE TO MODERN SLAVERY (%)



[EXPLORE GOVERNMENT RESPONSE DATA](#)

HOW ARE THE PRODUCTS WE BUY CONNECTED TO MODERN SLAVERY?

While estimating prevalence of modern slavery, where it occurs is critical in identifying where



GLOBAL SLAVERY INDEX

Although the highest prevalence of forced labour is found in low-income countries, it is deeply connected to demand from higher-income countries. The production and movement of goods between countries – from the sourcing of raw materials to manufacturing, packaging, and transportation – creates complex and opaque supply chains, many of them tainted with forced labour.

In 2021, G20 countries imported US\$468 billion worth of goods at-risk of modern slavery. We present breakdowns of the top five highest-value at-risk products imported by each G20 country.



Of the products at-risk of being produced with modern slavery, G20 countries spent the most on:

- 1

Electronics

US \$243.6B
- 2

Garments

US \$147.9B
- 3

Palm oil

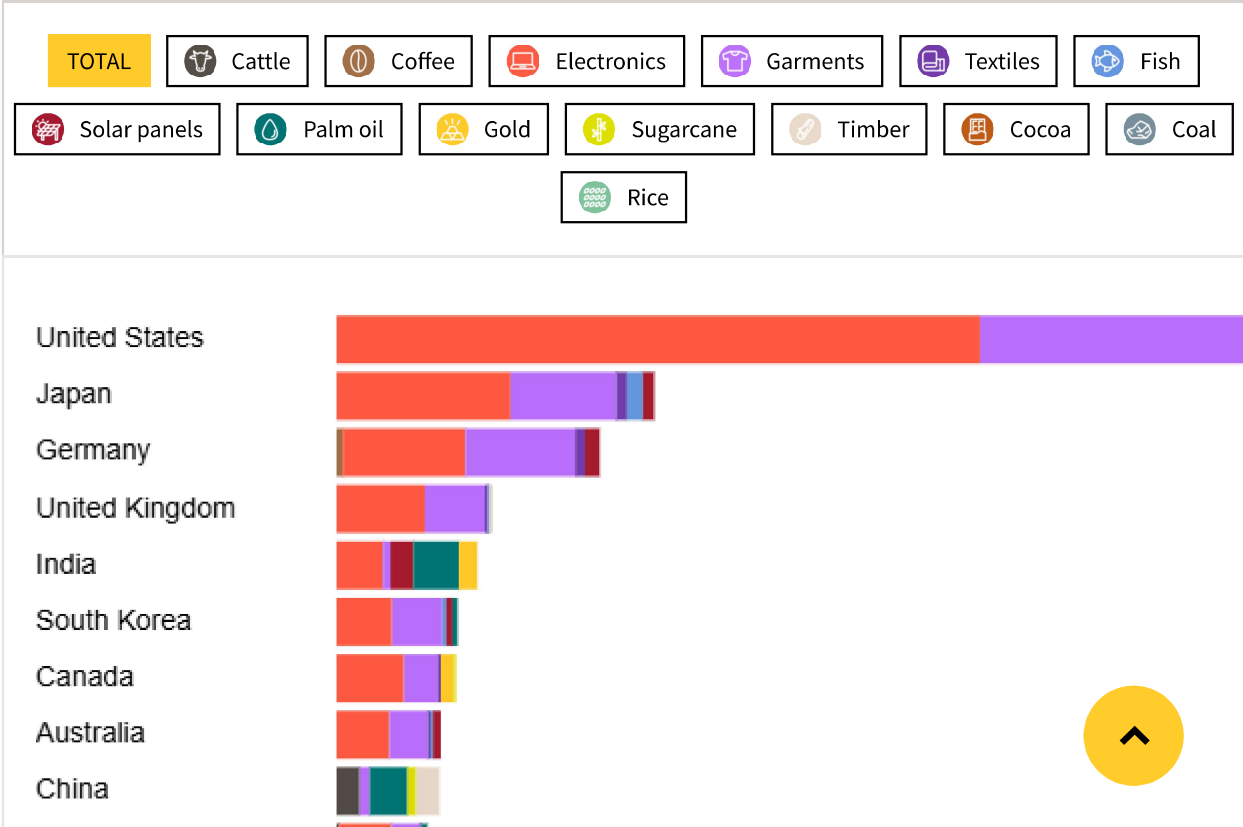
US \$19.7B
- 4

Solar panels

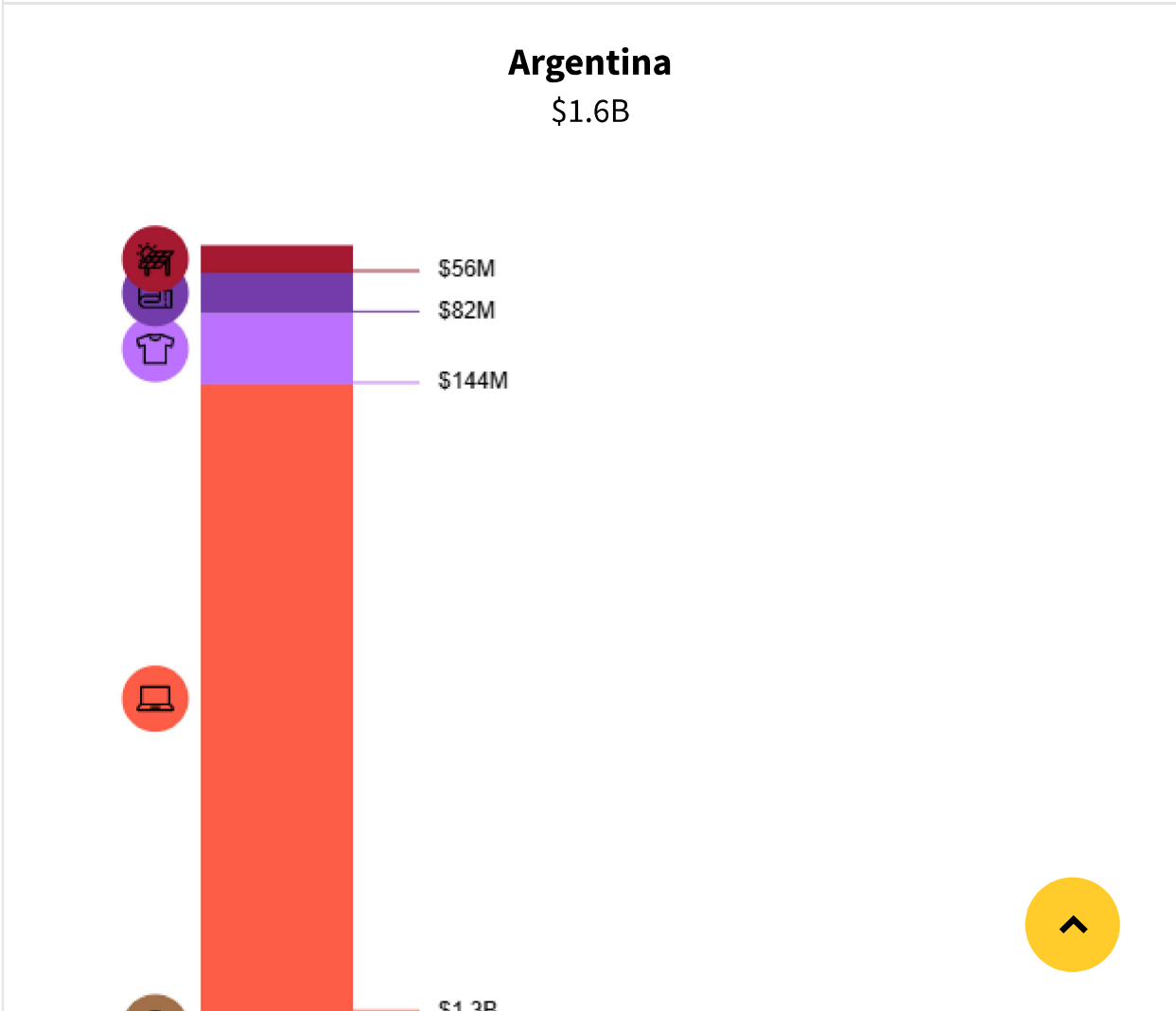
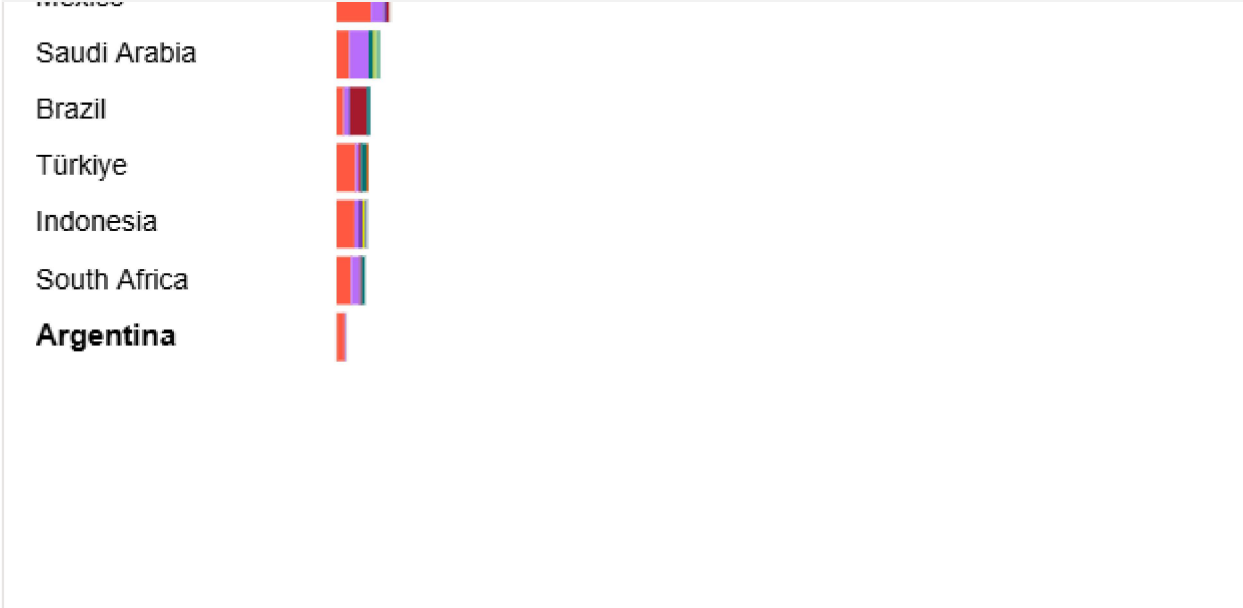
US \$14.8B
- 5

Textiles

US \$12.7B



GLOBAL SLAVERY INDEX



GLOBAL SLAVERY INDEX**EXPLORE G20 AT-RISK IMPORT DATA****FISHING**

Forced labour in fisheries is driven by the motivation to reduce costs amid diminishing profits, as the industry tries to meet global demand for seafood. Technology offers solutions to tackling it.

[READ MORE](#)**COCOA**

The farming and harvesting of cocoa beans are particularly vulnerable to forced labour, trafficking, and the worst forms of child labour. Some brands are serious in their approach to preventing any forced labour that occurs in their supply chains.

[READ MORE](#)**GARMENTS**

Garment workers, hidden deep within supply chains, face poor or exploitative working conditions, including poverty wages, piece-rate pay, forced and unpaid overtime, irregular work, health and safety risks, and lack of benefits. Businesses should do much more to address forced labour occurring in their supply chains.

[READ MORE](#)**INVESTORS**

There are multiple ways the financial sector is exposed to risks of modern slavery, including through its operations, supply chains, and business relationships. At the same time, financial institutions have a critical role to play in combating slavery.

[READ MORE](#)**GLOBAL SLAVERY INDEX
METHODOLOGY**

WALKFREE

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prevalence and our framework for assessing government responses.

LEARN MORE



Portland, United States, January 2018. Cary Dyer tells her story of survival during a vigil in support of the National Human Trafficking Awareness Day.

GLOBAL SLAVERY INDEX 2023 DOWNLOADS

Download the Global Slavery Index 2023 in full or in sections from the resources section of our website.

The Global Slavery Index 2023

Download the full report.

DOWNLOAD

The Global Slavery Index 2023 Dataset

Download the country-level data on prevalence of modern slavery, vulnerability to modern slavery, and government responses to modern slavery. Also includes data on G20 at-risk imports and Wikirate data assessing company modern slavery statements.

REQUEST ACCESS



Dhaka, Bangladesh, January 2021. Labourers unload coal from a cargo ship in Gabtoli on the outskirts of Dhaka. After unloading 30 baskets of coal they earn around US\$1. Photo credit: Kazi Salahuddin Razu/NurPhoto. Getty Images.





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RESOURCES, ENERGY AND MODERN SLAVERY

Practical responses for
managing risk to people



Australian
Human Rights
Commission



Australian
Human Rights
Commission

The essential guide for managing modern slavery risks in the resources and energy sectors.

KPMG Australia (KPMG) has joined with the Australian Human Rights Commission to release a series of **sector-specific resources** to help companies understand and effectively identify and manage their modern slavery risks.

ACKNOWLEDGEMENTS

KPMG would like to acknowledge the contribution of Richard Boele, Dr Meg Brodie, Tina Jelenic, Mel Sutton, Andy Symington, Paul Hitchins, Taryn Smith, Suneeta Kamdar, Fang Yuan, Sarah Hayes and Naz Jacobs from the KPMG Banarra team, Danielle Randall-L'Estrange from Risk & Compliance, Benn Wheeler from Reputation Advisory and Cassandra Hogan, National Industry Leader – Energy & Natural Resources.

The Australian Human Rights Commission wishes to acknowledge the contribution of Lauren Zanetti, Acting Director International Engagement and Business and Human Rights and Kate Griffiths, Project/Research Officer.

ACCESSIBILITY

We are committed to making our resources accessible and widely available. As such, and to comply with the Australian Government's accessibility requirements for publishing on the internet, two versions of this Guide are available: a KPMG- and AHRC-branded PDF version and a Microsoft Word version. The branded PDF version remains the definitive version of this Guide.

“Taking a rights-based approach to addressing modern slavery will assist energy and resources companies to meet the increasing expectations of investors, governments, clients, consumers, business peers and civil society concerning business respect for human rights.”

EMERITUS PROFESSOR ROSALIND CROUCHER AM
President of the Australian Human Rights Commission

“The need to decarbonise means that the global energy mix is rapidly shifting. This shift is creating increasing crossover between the resources and energy sectors in both their operations and supply chains. It’s in this context that companies must challenge their thinking on where they’ll find risk to people. Transition is creating new and emerging human rights and social risks that we have to identify and understand.”

RICHARD BOELE
Chief Purpose Officer, Partner in Charge of KPMG Banarra Human Rights and Social Impact,
Global Leader of Business and Human Rights Network, KPMG Australia

CONTENTS

01. AN INTRODUCTION TO MODERN SLAVERY AND THE REPORTING REQUIREMENT	6	→
02. THE REALITY OF MODERN SLAVERY IN RESOURCES AND ENERGY	10	→
03. RISK TO PEOPLE AND RISK TO BUSINESS	21	→
04. MODERN SLAVERY AND HUMAN RIGHTS RISKS	27	→
05. PRACTICAL RESPONSES	31	→
CONCLUSION AND CHECKLIST	43	→
REFERENCES	46	→
ENDNOTES	47	→

MODERN SLAVERY IN THE RESOURCES AND ENERGY SECTORS

Corporate human rights reporting in Australia has changed. Modern slavery legislation makes boards responsible for public statements about their entities' efforts to manage the risk of modern slavery in their operations and supply chains.

Australia's *Modern Slavery Act 2018* (Cth) requires certain organisations to report on their efforts to identify and address risks of modern slavery in their global operations and supply chains.

The Australian Government's [Guidance for Reporting Entities](#) provides general guidance to businesses, including those in the resources and energy sectors, about how to prepare for modern slavery reporting.

We understand that the sectors need practical advice on how to respond to modern slavery risks.

THIS GUIDE:

01

Highlights particular modern slavery risks prevalent in the resources and energy sectors.

02

Provides tips for the resources and energy sectors on leading practice and a rights-based approach to managing modern slavery risk.

03

Fosters transparent modern slavery reporting for the benefit of business, government and the people at risk of harm.

1



AN INTRODUCTION TO MODERN SLAVERY AND THE REPORTING REQUIREMENT

1.1

What is modern slavery?

Modern slavery refers to a range of serious human rights violations. The term is used to describe situations where coercion, threats or deception are used to exploit people and deprive them of their freedom. These violations are crimes in Australia.

Modern slavery includes trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services.¹

While the *Modern Slavery Act 2018* (Cth) requires businesses—including resources and energy companies—to look specifically at modern slavery, taking a broader approach and considering the full spectrum of human rights risks and impacts will enhance the credibility and strength of your modern slavery response and statement.

Relationships between the traditionally distinct sectors of mining, oil and gas, and power generators and retailers, are rapidly shifting with the global shift towards decarbonisation and sustainability. This has added complexity to the supply chains of companies in these sectors, creating new modern slavery risks that must be considered and addressed under the *Modern Slavery Act 2018* (Cth).

The economic and labour market shocks accompanying the COVID-19 pandemic have exacerbated the risks of modern slavery globally, especially for women, children and migrant workers.² The pandemic-induced shortfall in jobs across the world was predicted to be 75 million in 2021,³ increasing the supply of vulnerable workers.⁴ Modern slavery risks are especially heightened in locations where labour regulation and social safety nets are weak, where schooling is suspended⁵ and where the movement of already vulnerable populations, such as migrant workers, is restricted by lockdowns and border closures.⁶

1.2

What does the Modern Slavery Act 2018 (Cth) require?

The **Modern Slavery Act 2018** (Cth) requires entities with a consolidated revenue of \$100 million or more to submit an annual modern slavery statement on what they are doing to identify and manage modern slavery risk in their operations and supply chains. The **Modern Slavery Act 2018** (Cth) applies to a wide range of entity types, including individuals, partnerships, associations, and legal entities such as companies, trusts, superannuation funds and other types of investment organisations. This includes both commercial entities and not-for-profit entities. In the resources and energy context, this includes identifying and addressing risks of modern slavery across a wide range of operating contexts and business relationships.

- Statements are published on a central, online Australian Government register.
- Modern slavery statements require approval of the Board (or equivalent)⁷ and the signature of a Director or a responsible member of the entity.
- Entities that fall outside the threshold can demonstrate good practice by reporting through a voluntary 'opt in' mechanism.

THE MANDATORY REPORTING CRITERIA

There are seven mandatory criteria that your entity must respond to under the *Modern Slavery Act 2018* (Cth) requiring descriptions of:

01

The reporting entity.

02

Your structure, operations and supply chains.

03

The risks of modern slavery practices in your operations and supply chains and any entities owned or controlled by you.

04

Actions taken to assess and address those risks, including modern slavery due diligence and remediation processes.

05

How you assess the effectiveness of the actions taken.

06

The process of consultation with entities owned and/or controlled by you.

07

Any other information that you consider relevant.

This guide focuses on the [risks](#) and [actions](#) to support your practical response to modern slavery.

2.

THE REALITY OF MODERN SLAVERY IN RESOURCES AND ENERGY

In the context of today's rapidly changing global energy mix and acceleration towards decarbonisation, the relationships between traditionally distinct sectors are rapidly shifting, resulting in considerable supply chain crossover.

These changes create new modern slavery risk 'hot spots' that business should consider and address as part of their reporting obligations under the *Modern Slavery Act 2018* (Cth).

Though the lines between the oil and gas and the power and utilities sectors are blurring – particularly with the advent of hydrogen production – for the context of this report, 'resources' refers to mining and oil and gas, while 'energy' denotes power generation, retail and transmission.

The level of risk of modern slavery in operations and supply chains depends on a range of intersecting contextual factors. Our research shows that there are four key factors which elevate the risk of modern slavery: **vulnerable populations, high-risk business models, high-risk procurement categories, and high-risk geographies**. Where multiple high-risk factors co-exist, there is a greater likelihood that actual harm is being experienced, and additional controls are required to ensure that risk does not become harm.

The following pages will help you understand how these high-risk factors affect the resources and energy sectors, and how that might shape company responses to managing modern slavery risks across operations and supply chains.

Note that although part of this section is divided into a discussion about 'Resources' and then 'Energy', supply chain crossover means that for many companies, the risk factors discussed in both these areas will be relevant.

COMMON MODERN SLAVERY PRACTICES CONNECTED TO RESOURCES AND ENERGY



Human trafficking



Worst forms of child labour



Forced or unpaid work



Bonded labour

WHY IS RESOURCES AND ENERGY HIGH-RISK?



High-risk geographies in operations and supply chains such as the presence of militias, criminal organisations and corrupt governments in countries that are conflict-affected or prone to instability



Demand for base-skill workers in construction of infrastructure; frequent outsourcing of labour to third-party contractors



Low visibility over multi-tiered supply chains



Alleged forced labour in developing countries is a supply-chain risk for several renewable energy technologies

KEY TRENDS IN THE SECTOR THAT INTERSECT WITH MODERN SLAVERY RISK



Profound shift towards decarbonisation means rapidly changing procurement strategies and increasingly complex supply chains



Increase in scrutiny and reporting requirements from markets, exchanges, lenders and investors on environmental, social and governance (ESG) issues



Increase in scrutiny and minimum supplier standards from downstream customers regarding ESG issues



Increase in scrutiny from civil society on ESG issues, including shareholder action

2.1

Resources

The resources sector is uniquely exposed to multi-faceted risks and various economic, political and cultural contexts as a result of the nature and locations of often global operations. Mining and oil and gas companies are often dealing with complex context-specific issues.

An example is the presence of militias, criminal organisations and corrupt governments in countries that are conflict-affected or prone to instability. These contextual factors, coupled with certain supply chain and operational complexities, increase modern slavery risk and require resource companies to proactively identify and manage that risk.

For example, mining company chair, Andrew Forrest, investigated his corporate supply chains and found workers who were being subjected to forced labour by way of passport confiscation. The experience led him to recognise that ‘all of us in business face the risk of modern slavery in our supply chains – I found it in my own – and it is now widely accepted that inaction, and hiding our head in the sand, are no longer options’.⁸

As a result of increased scrutiny in the occupational, health and safety space, resource companies worldwide already manage a range of human rights risks. Workplace safety is intimately connected to the right to health and the right to safe working conditions. This has led many resource companies to increasingly acknowledge and understand the importance of assessing and acting on risks of harm to people. The relative maturity of this sector in understanding their human rights obligations places resource companies in a strong position to create real change in combating modern slavery. In many cases, this will require building an

explicit consideration of modern slavery risks into existing risk management systems and processes. This includes ways to manage modern slavery risks, and instances of modern slavery when they are found.

The resources sector should be considered high-risk in terms of modern slavery for several reasons, including due to:

- demand for migrant and base-skill workers
- the short-term and temporary nature of some work, such as construction
- high-risk business models, including labour hire and sourcing
- frequently operating in high-risk geographies
- chartering and contracting sea transport, which is a known high-risk sector.

Australian resource companies face particularly high risk of exposure to modern slavery due to the complex structure of their supply chains and operations, and their global reach. The many tiers of suppliers associated with resource companies are often where modern slavery risk is hidden. Day-to-day operations frequently draw upon a variety of resources in the form of labour, transportation and procurement, where visibility over the human rights practices of sub-contractors and beyond tends to be low.

Modern slavery risks occur at many points in the resources supply chain, including downstream from a product stewardship perspective. The raw ingredients produced by resource companies are ultimately used in manufacturing processes, many of which carry high modern slavery risk.

Resource companies are also exposed to risks associated with their corporate operations. These include risks relating to building management and other functional services, such as catering and cleaning, which have elevated risks of forced labour and trafficking practices.

Modern slavery can occur at any point in the supply chain. However, there are risk hot spots where it is more likely to be present. Some of these are emerging as the result of the global trend towards decarbonisation.

Demand for certain raw ingredients used in the manufacture of renewable energy technology is rapidly increasing. This has led to changes in resource companies' long-term business strategies as they seek to meet this demand. In some cases, resource scarcity and grade decline mean that miners are increasingly operating in high-risk jurisdictions and expenditure on exploration in remote or challenging geographies has increased.

In addition, public commitments to reduce Scope 1 and 2 emissions mean resource companies are increasingly installing renewable generation at operational sites and sourcing dispatch power through power purchase agreements (PPAs). This exposes resource companies to some of the risks detailed in the following section on energy companies.

2.2

Energy

For the Australian energy sector, most modern slavery risk occurs in the direct procurement of goods used in the construction of power infrastructure.

Lower renewable energy costs and changing societal expectations have meant power generators are adjusting their energy mix and moving toward a greater proportion of renewables in their portfolio composition. Deployment of capital into renewable plant creates fundamental changes to traditional supply chains and therefore the underlying modern slavery risk.

The energy sector should be considered high-risk for modern slavery for several reasons, including:

- high demand for migrant and base-skill workers in construction of infrastructure
- supply chains that include high-risk geographies in the context of both manufacturing and resource extraction
- short-term and temporary nature of some work, such as construction
- use of labour hire and outsourcing of construction and maintenance to third-party contractors

As Case Study 1 demonstrates, renewable energy technologies have been identified recently as a significant area of modern slavery risk in energy company supply chains. This occurs both in the extractive context mentioned above but also in manufacturing.

In the past, the supply chain relationship between energy companies and resource companies could be characterised as relatively simple and stable. Resource companies provided feedstock for fossil fuel generation and, in turn, purchased power from the energy sector for their continuing operations. However, this has changed. Power generators are shifting to a greater proportion of renewables in their portfolio. This means that an increasing variety of metals and minerals produced by mining companies find their way to power generators via manufacturers of renewable technology. Generators in turn sell this power to resource companies through increasingly complex carbon-neutral offtake arrangements.

Energy retailers are also increasingly purchasing renewable energy directly from third-party generators, such as wind and solar farms, to on-sell to customers. Adoption of PPAs has increased as companies offset their carbon emissions and even look to achieve neutrality. This exposes those energy companies purchasing renewable power to modern slavery risks in the manufacturing of renewable plant sourced by generators from whom they purchase power.

Figure 1:
How decarbonisation
and the energy
transition create
emerging modern
slavery risks



DECARBONISATION AND THE ENERGY TRANSITION



CASE STUDY 1:

MODERN SLAVERY ISSUES IN RENEWABLE ENERGY TECHNOLOGIES SUPPLY CHAINS

Modern slavery risks are heightened when there is a change in procurement strategy and high volumes of manufactured goods are required at short notice. The shift to renewable energy has revealed a number of areas of emerging modern slavery supply chain risk for energy companies.

For example, labour risks have been identified in the supply chains for solar panel technology.⁹ To minimise the risks of sourcing from high-risk geographies, Australian trade unions have called for the Government to increase investment locally to manufacture solar product modules, and in turn ensure safe working conditions by reducing reliance on imported products that may be associated with forced labour.¹⁰

Similarly, the boom in wind power has created the conditions for precarious labour issues and environmental degradation in the logging of balsa wood in the Amazon.¹¹ The fact that certain minerals are fundamental to particular renewable technologies is another key component of modern slavery risk. Many of these minerals are extracted in geographies with low labour rights protections and/or a heightened risk of child labour (see Case Study 8 on page 42).

2.3

Examples of modern slavery risk: corporate, operations and procurement



Corporate

Resources and energy companies with a global footprint have major assets across geographies that require building services.

Building services carries its own significant modern slavery risks. For example, facilities management services such as cleaning and maintenance present high risk: in Australia, the poor working conditions and intersecting risks for cleaners are now well documented.¹² Similarly, hospitality and catering have higher risks of association with forced labour and trafficking practices. In these areas, base-skill labour, vulnerable populations and high-risk business models come together to elevate the overall risk of modern slavery practices being present.



Operations

As highlighted above, labour used in the exploration, construction and extraction phases of resources projects and in manufacturing in the energy sector presents a significant risk.

The temporary and seasonal nature of work, the base-skill labour and migrant worker risk and the use of third-party labour hire arrangements in the provision of that labour can all combine to further magnify the risk of modern slavery in this space. Modern slavery risk is also heightened when labour is procured via third parties, with construction and security services rated as problematic in many geographies.

Logistics and transport is also an area of high modern slavery risk. Modern slavery in this area has been known to take the form of forcing contracts by threat or duress, forcing work of unsafe numbers of hours, or non-payment for non-driving work such as loading and waiting. Pandemic-related restrictions have seen seafarers trapped at sea for up to 18 months and have shone a light on forced labour and other human rights risks in the shipping sector, a key part of resources and energy supply chains.¹³

Additionally, the production phase of extractive projects presents particular risks associated with unregulated artisanal mining, which in certain geographies operates near or overlaps with industrial mining operations. This can bring safety and labour rights risks into close contact with large-scale modern mining. Conflict zones can present significant instability in the production phase in particular, and bring associated slavery risks, in the form of forced labour and inadequate and unstable working conditions, into close proximity with industrial mining operations.

CASE STUDY 2:

MODERN SLAVERY RISKS IN SHIPPING

In the North Sea, low oil prices led to downward pressure on charter rates for supply boats, meaning that local crews were increasingly replaced by hired labour from developing countries. The risk to people was brought starkly to light in 2016, when a supply vessel that had been chartered by several oil and gas companies was revealed to have Indian seafarers on board who had not been paid for many months.¹⁴

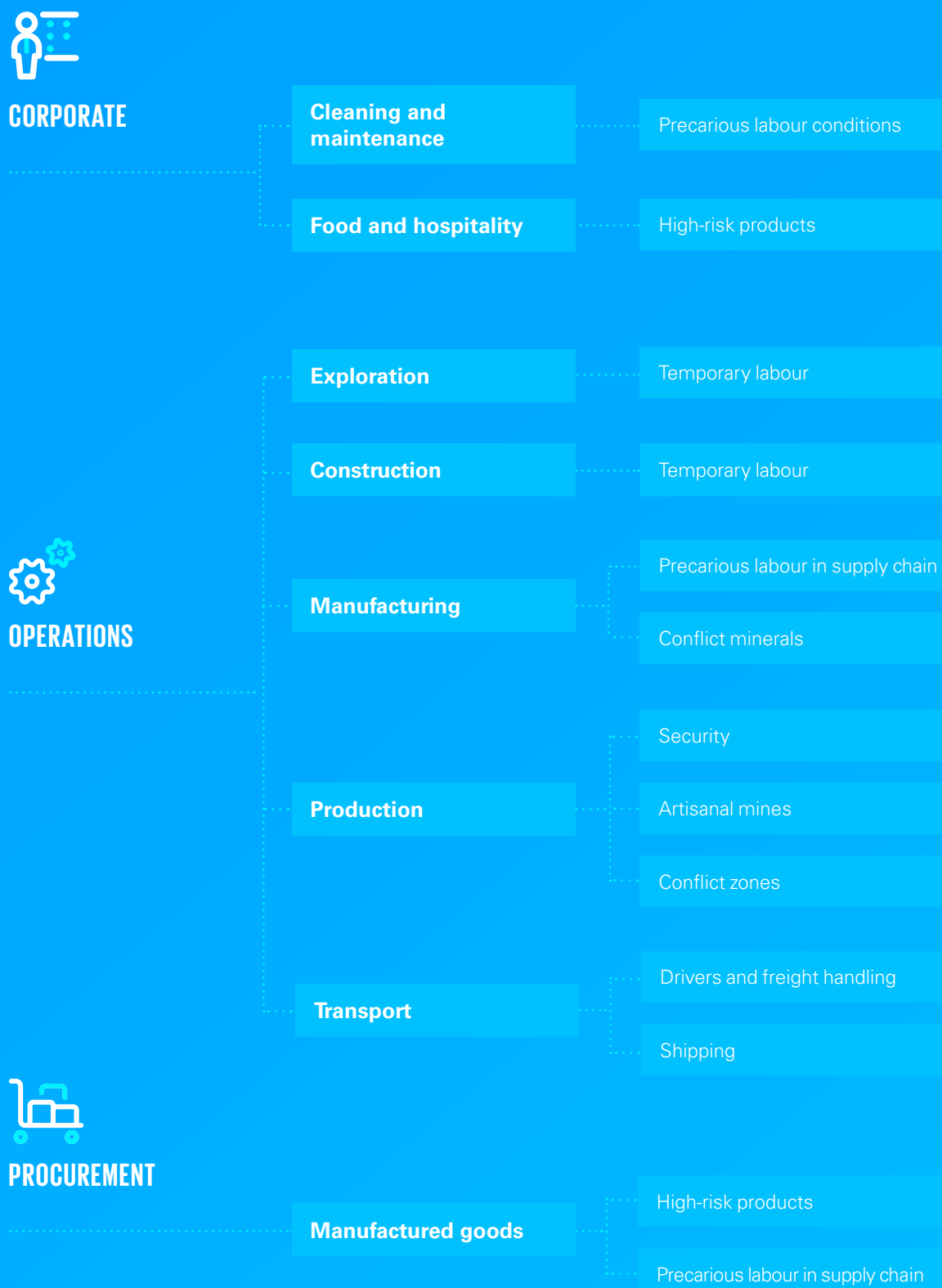


Procurement

Procurement of goods across both corporate and operations is also an area of risk. Goods purchased by resources and energy companies that are commonly considered high-risk include:

- Personal Protective Equipment (PPE) and uniforms
- Solar panels
- Explosives
- Construction materials
- Tyres and wheels
- Electrical parts and electronic equipment, including metering equipment
- Mechanical parts
- Processed metals
- Imported feedstock
- Food

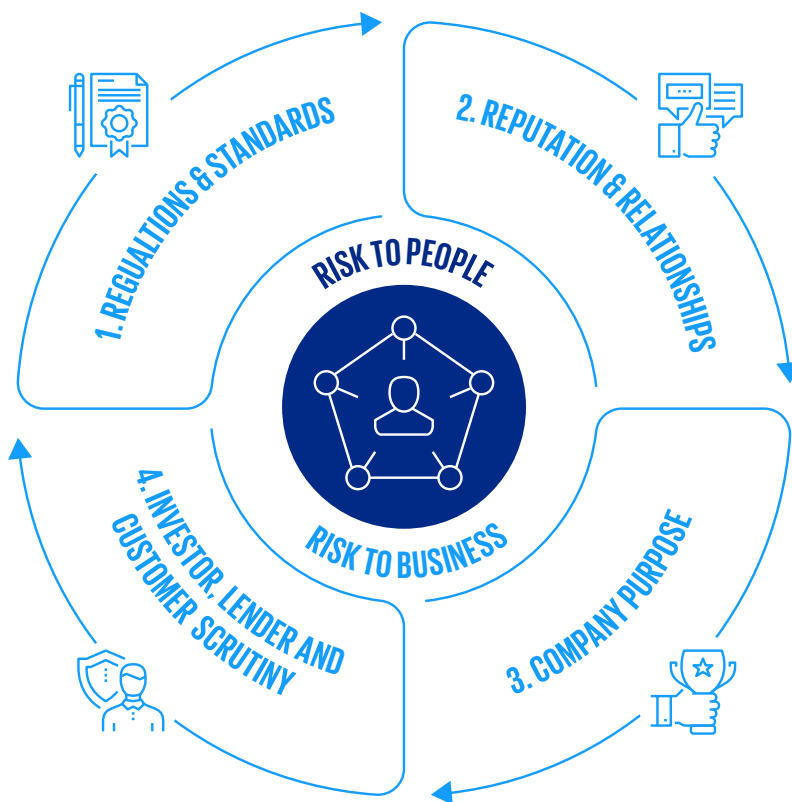
Figure 2: Areas in resources and energy where modern slavery risks are most likely to arise



3.

RISK TO PEOPLE AND RISK TO BUSINESS

When companies fail to take their human rights responsibilities seriously, they expose people to harm and themselves to business risk.



The modern slavery reporting requirement helps direct corporate responses, including the development of systems and processes that identify and address modern slavery risk, and ultimately mitigate and account for harm to people.

In this section we consider how to put risk to people first and then consider how this can help companies across the resources and energy sectors to assess the risks to their business if they fail to respond to modern slavery.

3.1

Focusing on risk to people

The Australian Government has made it clear that it expects business to identify and manage risk to people.

The Guidance for Reporting Entities explains that effective company responses to the modern slavery reporting requirement should be grounded in the human rights due diligence framework outlined in the 2011 *United Nations Guiding Principles on Business and Human Rights* (UNGPs).¹⁵

A key difference between human rights due diligence and traditional business due diligence and risk management is that human rights due diligence focuses on risks to people rather than risks to the business.

A risk-based approach, from a human rights due diligence perspective, means that businesses should prioritise addressing the most severe risks to people first. The most severe risks to people in relation to modern slavery will usually, though not always, also align with risks to your business (such as reputational or financial risks). However, taking a 'risk to people' approach, you will need to ask the question in a different way: how might people be harmed as a result of this business activity, decision, relationship or purchase?

For instance, typical metrics used to narrow vendor risk assessment may focus on highest-value suppliers, or highest spend. However, the areas of biggest risk to people may sit outside your high-value and strategic suppliers.

Considerations of the company's level of influence, alongside the severity and remediability of potential impacts, can help guide your mitigation approach and response.

As you develop a human rights risk-based response, which prioritises severe risks to people, your due diligence process should include a mechanism that will enable you to demonstrate the effectiveness of the steps you are taking over time. Ideally, human rights due diligence processes for managing modern slavery and other human rights risks will be integrated with existing risk management processes in your business.

3.2

Business exposure to risk

Business is exposed to human rights risks in four domains: regulatory reporting requirements and standards; reputational damage and eroded public trust; scrutiny of social impact credentials by investors, lenders, buyers and others; and values alignment for employees.

REGULATIONS AND STANDARDS

International frameworks and domestic legislation with cross-jurisdictional reporting requirements are all advancing. Relevant developments include:

- *Modern Slavery Act 2018* (Cth)
- *Modern Slavery Act 2018* (NSW)
- Similar legislation in other jurisdictions, including the *German Corporate Due Diligence in Supply Chains 2021*, *Norwegian Transparency Act 2021*, *French Corporate Duty of Vigilance Law 2017*, *Modern Slavery Act 2015 (UK)*, *California Transparency in Supply Chains Act 2010*, and *European Union (EU) Directive on Non-Financial Disclosures 2014*. The EU is expected to introduce an EU-wide directive on mandatory human rights and environmental due diligence laws in late 2021.

These legislative developments have been driven and informed by the UNGPs, which confirm the corporate responsibility to respect human rights and establish a framework for addressing human rights risks. This framework requires businesses to address their adverse human rights impacts by taking measures to prevent, mitigate and, where appropriate, remediate, human rights harm.

The UNGPs also expressly inform risk management expectations set out in standards relevant to the resources and energy sectors, such as the *OECD Guidelines for Multinational Enterprises (OECD Guidelines)* and the *Equator Principles, based on the International Finance Corporation Environmental and Social Performance Standards*, which apply to project finance (see Case Study 3).

Reporting on ESG issues is also increasingly being required by lenders, investors, stock markets and mineral exchanges, as well as companies downstream in the supply chains of resources and energy companies.

Alongside the emerging cohort of corporate reporting and human rights due diligence laws outlined above, other regulatory tools are also being used to tackle forced labour, including the use of customs and import controls. The United States, for example, can secure goods that have been produced by forced labour under the U.S. Tariff Act 1930. Similar laws are under consideration in Canada and Australia. The rise of anti-bribery and corruption legislative frameworks is also of particular relevance to the resources and energy sectors, given the intersectionality between these criminal practices and modern slavery.

CASE STUDY 3:

INTERNATIONAL STANDARDS AND INDUSTRY EFFORTS TO ENCOURAGE ETHICAL PRACTICE

In recognition of the high degree of risk associated with both resource company supply chains and their operations, industry bodies and global organisations have established influential standards in an effort to encourage sustainable and ethical practice in the resources and energy sectors.

For example, the International Finance Corporation (IFC) is a major provider of equity and loan financing for resources and energy companies.

The IFC's *Environmental and Social Performance Standards* (IFC Performance Standards) define the responsibilities its clients must adopt for managing their environmental and social risks.

The Equator Principles, a risk management framework adopted by 92 financial institutions covering over 70% of project finance debt in emerging markets, incorporate the UNGPs and are based on the IFC's Performance Standards.

Notably, IFC's Performance Standard 2, Labour and Working Conditions, specifically sets out to:

Avoid the use of forced labour

Protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the client's supply chain.

A further example is the International Council on Mining and Metals (ICMM), which was founded in 2001 to promote safe, fair and sustainable practices in the mining and metals industry. There are currently 28 member companies accounting for a large proportion of global mineral production.

Membership of ICMM requires a commitment to ten Mining Principles that set out best practice for sustainable development in the mining sector.

ICMM's Principle 3 expects that companies will implement the UNGPs¹⁶ and includes a commitment to:

'Respect the rights of workers by: not employing child or forced labour; avoiding

human trafficking; not assigning hazardous/ dangerous work to those under 18;

eliminating harassment and discrimination; respecting freedom of association and

collective bargaining and; providing a mechanism to address workers' grievances.'

The Principles also include the goal of enhancing the social and economic development of host countries and Indigenous communities by seeking opportunities to address poverty.

REPUTATION AND RELATIONSHIPS

Modern slavery reporting requirements are, at their core, transparency requirements aimed at increasing corporate responsiveness to modern slavery.

The reputational risk imposed by stakeholders – including the media, civil society and labour unions – calling out unaddressed modern slavery risk can be high. Investors place increasing emphasis on the benchmarking of corporate performance on human rights, as exemplified by the Corporate Human Rights Benchmark¹⁷ produced annually by an investor- and civil society-run organisation.

Civil society groups also play a key role in scrutinising transparency efforts on modern slavery: in some jurisdictions, reports have benchmarked published modern slavery statements and highlighted companies demonstrating leading and poor human rights practice.¹⁸ Increasing focus on the need for a ‘just transition’ – a transition to renewable energy that does not itself cause harm to people – has increased public scrutiny on companies in the resources and energy sectors, as have outcries over such incidents as Juukan Gorge in Australia¹⁹ and the tailings dam collapse at Brumadinho in Brazil.²⁰ Shareholder action has also increasingly been used to attempt to force resources and energy companies to adopt higher standards on issues with ESG implications.²¹

COMPANY PURPOSE

For many businesses, addressing modern slavery is the ‘right thing’ to do. It aligns with their purpose, culture and values. Employees are also increasingly demanding that their employer consider the human rights impacts of their activities.

Action on modern slavery should also be seen as part of a company’s commitments on ESG issues, such as contribution to the achievement of the Sustainable Development Goals (SDGs). The UN’s 17 SDGs were adopted in 2015 and have become a popular framework for companies’ sustainability efforts. The SDGs offer a shared global framework to end extreme poverty, fight inequality, foster just and inclusive societies and protect the planet. The majority of the SDGs and their 169 targets are underpinned by international human rights standards. The efforts of Australian businesses to address their modern slavery risks contribute directly to the achievement of Sustainable Development Goal 8, Target 8.7, which asks for effective measures to eradicate modern slavery by 2030.

INVESTOR, LENDER AND CUSTOMER SCRUTINY

Investors, lenders and customers are increasingly analysing the human rights performance of businesses. Businesses that cannot demonstrate that they are putting in place appropriate systems to identify and address these risks may experience loss of substantial investors or loss of trust from its stakeholders. This particularly applies in contexts where third parties raise allegations of modern slavery practices in relation to an organisation or its supply chains.

4.

MODERN SLAVERY AND HUMAN RIGHTS RISKS

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The Modern Slavery Act 2018 (Cth) requires businesses to look specifically at modern slavery.

However, modern slavery does not occur in a vacuum, and situations where modern slavery takes place are likely already to involve a range of other violations of the human rights of workers.

Resources and energy companies should therefore consider wider labour rights issues and apply a human rights risk lens to the company's activities and relationships.

Taking a human rights risk approach will enhance the credibility and strength of the modern slavery response and statement as modern slavery risk assessment will be anchored in a broader framework that takes a holistic approach to the risk of harm to people. It will also enable a whole-of-business approach to management of those risks and impacts, whereas a narrower modern slavery response can become siloed as a compliance issue, leading to ineffective responses.

The benefit of the more holistic approach, supported by the UNGPs, is that it allows for early identification and response in contexts where human rights violations may be taking place, thus decreasing the opportunities for severe human rights violations like modern slavery to occur.

While all human rights may be impacted in the course of activities and operations within the resources and energy sectors, certain fundamental human rights are particularly vulnerable to adverse impacts.

Labour rights are particularly prone to being negatively impacted, particularly in the contexts of subcontracted labour and manufacturing in procurement supply chains. The right to work is a fundamental human right that can significantly affect the enjoyment of other human rights, including the right to health, adequate food, clothing and housing, and culture.

The employment relationship can be a site of unequal power dynamics that increase the risk of human rights violations. Extreme erosion of rights may result in forced or involuntary labour, including for vulnerable populations such as children and migrant workers.

Resource companies often operate on Indigenous territory and the presence of their products in energy company supply chains, as well as the importance of Traditional Owners in the Australian context, means that **Indigenous rights** are of concern for the whole resources and energy sectors. The Indigenous rights to consultation, free, prior and informed consent and self-determination are key and act as protectors of further rights concerning Indigenous communities and their traditional territories.

The **right to a healthy environment** is now recognised by the UN and in some form by over 150 countries,²² acknowledging the fact that without protection of the environment which we inhabit, many human rights cannot be realised, the crucial rights to food and water among them. The environmental impact of resource companies and their supply chains is often significant and these companies must consider and mitigate these impacts and their associated consequences for rights.

Resources and energy companies, especially when they operate in remote regions in developing countries, can also have a significant positive impact on human rights. Though the UNGPs make clear that positive impacts cannot be used to offset negative impacts on human rights, by taking a holistic, rights-based approach, resources and energy companies can focus on preventing and mitigating negative impacts on human rights and maximising positive ones.

COMMONLY INFRINGED HUMAN RIGHTS IN THE RESOURCES AND ENERGY SECTORS



Right to freedom from slavery and slavery-like conditions



Right to freedom from discrimination



Right to free, prior and informed consent



Right to health



Right to self-determination



Right to water



Right to a healthy environment



Right to safety at work



Right to traditional culture



Freedom of assembly and association and right to strike

CASE STUDY 4:

LAND RIGHTS OF INDIGENOUS PEOPLES

As well as resource companies, renewables projects can also have potentially adverse human rights impacts on Indigenous populations.

In Latin America, foreign direct investment in solar panel projects disproportionately affects vulnerable people in Indigenous communities. While the positive impacts of renewable energy projects for the environment are clear, awareness of the adverse impact of renewable energy projects on people and communities is important. For example, the biggest solar project in Latin America placed solar panels over 600 hectares of deforested land, but Indigenous communities claim they were not adequately consulted. The project has also been associated with numerous allegations of threats and attacks against Indigenous people.²³

5.

PRACTICAL RESPONSES

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A practical response to the mandatory reporting requirements will focus on:

01

Identifying modern slavery risks.

You will need to determine some important threshold questions, such as your consolidated annual revenue, relevant reporting entities, and your approach to joint statements for corporate groups. However, the most efficient and effective responses will focus on doing the work of addressing and ending modern slavery practices.

02

Actions taken to assess and address modern slavery risks and impacts.

In this section, we help you to understand the key risk factors for identifying modern slavery risks in the resources and energy sectors. Furthermore, we provide practical guidance on actions your business can take to manage identified risks, using the rights-based approach outlined in the UNGPs.

03

Measuring the effectiveness of your response.

5.1

Identifying modern slavery risks

KEY MODERN SLAVERY RISK FACTORS

The behaviours and practices which constitute modern slavery are serious human rights violations. The level of risk of modern slavery depends on a range of intersecting contextual factors.

There are four key factors which elevate the risk of modern slavery: vulnerable populations, high-risk business models, high-risk categories, and high-risk geographies. Where multiple high-risk factors co-exist, there is a higher likelihood that actual harm is being experienced, and additional controls are required to ensure that risk does not become harm.

Figure 3: Key modern slavery risk factors

Vulnerable populations

Migrant workers

Base-skill workers

High-risk business models

Labour hire and outsourcing

Franchising

Seasonality

Aggressive pricing



High-risk categories

Services procurement

Goods not for resale

Raw materials

High-risk geographies

Conflict

Weak rule of law

Corruption

Displacement

State failure to protect human rights



THE ROLE OF MAPPING

“Operations’ is intended to cover any activity undertaken by the entity to pursue its business objectives and strategy. These activities may include research and development, construction, production, distribution, purchasing, sales, and financial lending and investments.”

Explanatory Memorandum, Modern Slavery Bill 2018 (Cth)

Mapping critical areas of modern slavery risk in the resources and energy sectors can help organisations to identify risks. The sectors include high-risk geographies and have increasingly complex supply chains which include many activities where modern slavery risks may exist.

The modern slavery legislation requires you to report on the risks of modern slavery across both your supply chains and operations. Your entity’s operations may include direct employees in the business, while supply chains may include procured services such as construction, security, transport, cleaning, furniture and building management. Mapping areas of risk in operations and supply chains is a useful way to consider your entity’s connection to and influence on risks.

Resources and energy companies should invest effort in:

- systematically mapping your entity’s risks
- prioritising your entity’s responses according to the most severe risks to people
- ascertaining the response required to avoid, mitigate or manage those risks.

Resources and energy companies – particularly the latter – are likely to find that many modern slavery risks are hidden deeper in the supply chain than Tier 1 suppliers. This emphasises the importance of detailed mapping.

In the resources and energy context, it is also particularly important to consider joint ventures. Managed/operated joint ventures are considered to be part of operations for the purposes of reporting under the

Modern Slavery Act 2018 (Cth), but so are investments in non-managed joint ventures. The Australian Government’s Guidance for Reporting Entities explains that:

‘Entities’ operations also include making financial investments in, and engagement with, non-managed/non-operated joint ventures (although the joint venture is not a managed operation, the entity’s investment in and engagement with the joint venture is a business activity). For example, an oil company’s operations include its investments in non-managed/non-operated joint ventures.’²⁴

THE IMPORTANT ROLE OF CIVIL SOCIETY AND COMMUNITIES

Even if you are confident in your modern slavery risk management systems, often the best information comes from consultation and collaboration. Civil society organisations and communities can be valuable partners to resources and energy companies in providing insights into areas of high risk of modern slavery, particularly where risks are not directly connected to an entity’s operations. For example, non-governmental or civil society research and reports can provide insights into allegations of human rights abuses that a resources or energy company might be connected to via labour outsourcing, construction contracts or transport arrangements.

Failure to consult and transparently report may also have a negative reputational impact and affect a company’s social licence to operate. Civil society has called out companies in industries where modern slavery risks are prevalent, but where the company has nonetheless failed to report the identification of modern slavery risks in their operations and supply chains.²⁵ Reporting that you have ‘no modern slavery risks’, or that you are not taking steps to manage modern slavery risks prevalent in the resources and energy sectors, may carry similar reputational risk.

Civil society groups are also proactively using existing accountability mechanisms to call out poor corporate practices. For example, the OECD Guidelines provide for a complaint mechanism, the National

Contact Point, in each signatory country. This complaint mechanism has been widely used by communities, civil society groups and unions to raise concerns about breaches of the OECD Guidelines by businesses. While the conciliation-based process undertaken by National Contact Points is often confidential, final findings may be made public, enabling public scrutiny over the alleged misconduct. From 2015 to 2019, approximately 20% of complaints globally to National Contact Points each year were about the conduct of resources and energy companies.²⁶ Adopting

effective due diligence processes will not only ensure compliance with modern slavery legislation but will also help avoid complaints being made to National Contact Points or other accountability mechanisms. It will also favourably position your business to respond to future legislative developments, such as the EU's proposed law on Mandatory Environment and Human Rights Due Diligence (see below).

CASE STUDY 5:

EU MANDATORY ENVIRONMENT AND HUMAN RIGHTS DUE DILIGENCE LAW (FORTHCOMING)²⁷

The European Parliament passed a resolution in March 2021 recommending an EU-wide directive that would require companies to:

- carry out, and have a strategy for, ongoing due diligence on potential and actual adverse impacts on human rights, the environment and good governance in their business operations and 'business relationships' throughout the company's value chain including subsidiaries suppliers
- establish legitimate, accessible and transparent grievance mechanisms²⁸
- provide remediation or cooperate with the remediation process if the business finds that it has caused or contributed to an adverse impact, and use its best efforts to cooperate in remediation where it is directly linked to an adverse impact.²⁹

The proposed law would apply to many companies operating in the EU or governed by the law of a member state.³⁰ Importantly, it would include not just the business itself, but also its value chain.³¹ **Its impact therefore would be global.**

The proposed law may also provide for sanctions and civil liability in certain circumstances.³² The proposed law defines a company's 'value chain' as all activities, operations, business relationships and investment chains of an undertaking. It includes direct and indirect business relationships, either upstream or downstream, and which either (a) supply products or services that contribute to the company's own products or services, or (b) receives products or services from the company.³³ This broad definition of 'value chain' includes a much broader range of entities than would be captured by reference to a 'supply chain'.

The potential impact of this new law is expected to be significant in relation to captured companies' own operations and their value chains. **It will require companies that have not engaged with human rights risks to do so, with likely penalties for non-compliance.**

SUMMARY: KEY RISK IDENTIFICATION STEPS

01

Map your operations and supply chain

02

Identify areas of operations and supply chain where high-risk factors are present with internal cross-function engagement

03

Test your assumptions through consultation with relevant external stakeholders

04

Continuously perform risk identification and risk assessment across the lifecycle of any business relationship

05

Enhance your risk identification methodology over time by:

- understanding both inherent and residual risk;
- building on current ESG frameworks, supplier management frameworks, customer screening systems and other third party risk research to identify human rights and modern slavery risk;
- drawing on and embedding sector-wide typologies and indicators;
- asking new questions of your existing data and the smart use of data analytics; and
- considering the evolving dynamics of human rights risk to reflect changes in the profile of modern slavery practices over time.

5.2

Taking action

According to the Australian Government's *Guidance for Reporting Entities*, effective business responses to the mandatory reporting requirement should be grounded in the human rights due diligence framework outlined in the UNGPs.

In practice, this means:

1. Having a **policy commitment** to meet the business responsibility to respect human rights.
2. Conducting a **human rights due diligence process** to identify, prevent, mitigate and account for how the business addresses its human rights risks, such as modern slavery, including:
 - **risk identification and assessment** informed by mapping your operations and supply chain and identifying and prioritising the most severe risks
 - acting on the findings of the risk identification and assessment, by implementing **risk management measures**, including training
 - **monitoring** the risk management measures taken and **reporting** on them, such as in your annual modern slavery statement.
3. **Remediating** human rights harms (such as modern slavery) that the business causes or to which it contributes. Where the business does not cause or contribute to the harm, but is directly linked to the harm (for example, through a supplier or business relationship such as minority shareholding), then the business should use its leverage and influence to mitigate the harm, prevent it from recurring, and to ensure the persons harmed are remediated. Having effective remediation processes in the modern slavery context includes:
 - responding to the identification of instances of modern slavery in a manner that does not jeopardise the safety of victims, ideally working with expert advisors, such as local NGOs
 - having a trusted, accessible and confidential grievance mechanism (and ensuring your suppliers have one), to elevate and address worker concerns, and to act as an early warning system for modern slavery risks.

5.3

Case studies of practical actions in the resources and energy sectors

Below we outline practical examples of companies operating in the resources and energy sectors undertaking risk management actions to address their modern slavery risks.

CASE STUDY 6

MODERN SLAVERY IN HIGH-RISK GEOGRAPHIES

After paying \$6 million in compensation to villagers affected by its operations, and finding evidence of forced labour on one of its gas pipelines in Myanmar, an oil major designed a Human Rights Guide which details how the Group's Code of Conduct is put into practice to manage modern slavery in its supply chain.

Its experience caused the company to reform its supply chain management system which has led to it being consistently highly rated compared to peer oil firms in the Corporate Human Rights Benchmark.³⁴

CASE STUDY 7

DEMONSTRATING COMMITMENT TO AN ETHICAL VALUE CHAIN

Following allegations of forced labour in its supply chains, and recognising the importance of demonstrating value alignment, a mining major designed and implemented Responsible Sourcing Standards for Suppliers, which outline supplier requirements under six pillars, with prevention of modern slavery included under the pillar requiring respect for labour and human rights.

The CEO was one of eight business leaders who joined the UK Home Secretary in founding the UK Business Against Slavery Forum in 2017, an initiative to lead industry action against modern slavery in supply chains. The company has publicly committed to collaborating to end modern slavery.

5.4

Sector collaboration

Companies across the resources and energy sectors often have similarities in their supply chains and therefore share many modern slavery risks.

Collaborative initiatives can therefore be a useful way to increase efficiency in identification of modern slavery risks. Collaborations also allow resources and energy companies to combine and therefore increase their leverage over the businesses with which they are engaged. Industry platforms, collaborative sector agreements and multi-stakeholder initiatives are all examples of actions that can help increase or maximise the leverage of companies on a specific issue or context.

Some examples of collaboration in the sector on the issue of modern slavery are already apparent. As part of its framework on sustainable development, the ICMM shares case studies of member company responses to modern slavery,³⁵ while the Minerals Council of Australia has consolidated modern slavery advice for the sector³⁶ and has also published a guide specifically addressing heightened modern slavery risk in the extractive sector due to Covid-19.³⁷ Similarly, the Australasian Convenience and Petroleum Marketers Association (ACAPMA) has produced a guide for that sector,³⁸ while a group of Australian resources and energy companies have joined together to agree on a self-assessment questionnaire (SAQ) to distribute to suppliers.³⁹

However, the opportunities for further collaboration in the resources and energy sectors are striking, with the need for joint responses to issues of emerging risk. Leading businesses could collaborate on a proactive response to modern slavery risks, including where these are part of their value chain rather than direct supply chain. For example, modern slavery risk in shipping has been shown to be relatively high. Oil and gas companies often charter vessels from the same owners (see Case Study 2), identifying an opportunity for collaboration on this issue. Similarly, though mining companies commonly sell minerals as free onboard (FOB), there is an opportunity to work collaboratively with peers and with buyers who are contracting the ocean freight to require certain conditions of the vessel owners.

“Recognising the industry has shared supply chains, we designed a common self-assessment questionnaire (SAQ) to promote efficiency and reduce the reporting burden for suppliers who will likely receive requests from their customers on modern slavery. By agreeing a common SAQ, it is anticipated this will reduce any duplication of efforts, minimise the cost of compliance and provide clarity to suppliers by using consistent terminology.”

SOUTH 32⁴⁰



CASE STUDY 8

SECTOR COLLABORATION: COBALT

Cobalt, which is still a crucial component of most lithium-ion batteries, a technology crucial to the energy transition, is strongly associated with modern slavery risks. More than half the world's supply is mined in the Democratic Republic of Congo, where a significant proportion comes from artisanal mines, where miners – many of them children – work in dangerous conditions for minimal reward.⁴¹

In response, the Responsible Cobalt Initiative was developed as a collaboration between Chinese cobalt importers, the OECD and other stakeholders, to increase supply chain transparency and promote better supply chain governance.⁴² Additionally, the Responsible Minerals Initiative has developed cobalt-specific guidelines and a reporting template to assist companies in their due diligence efforts on this mineral.⁴³

CONCLUSION

The *Modern Slavery Act 2018* (Cth) presents an opportunity for the resources and energy sectors to embrace a human rights-based approach to risk identification and mitigation. Responding to and demonstrating continuous improvement against the mandatory reporting criteria is the best way to reduce the risk to your business and ultimately help stop modern slavery practices. Responding to and demonstrating continuous improvement against the mandatory reporting criteria is the best way to reduce the risk to your business and ultimately help stop modern slavery practices.

The global context of decarbonisation means that the supply chains of resources and energy companies are changing rapidly and becoming increasingly intertwined. This rapid change means that companies need to challenge their assumptions about where risks to people might exist in their operations and supply chains and focus attention on areas of emerging risk that are a product of the energy transition.

This guide has emphasised particular areas of risk for resources and energy companies and highlighted the four key risk factors for modern slavery: high-risk geographies, high-risk business models, high-risk categories and vulnerable populations. The shift in supply chains caused by the move towards decarbonisation, and the compressed timeframes often involved, mean that all four of these risk factors are very relevant to the activities of resources and energy companies. Many resources and energy companies already report under Australian and UK modern slavery legislation. In light of significant risk and complexity in the sector, it is important to build on existing initiatives and momentum in the 'human rights and social licence to operate' space, to explicitly incorporate modern slavery risk considerations, and adopt a program that facilitates continuous improvement.

Some companies will be right at the start of the journey, with significant internal buy-in required and foundational commitments to human rights still to be made. Others may have already developed quite sophisticated approaches to address human rights issues, perhaps as part of an ESG framework, community relations strategies or other approaches to social impacts. Most will have existing risk systems and controls around which you can build or retrofit human rights considerations.

A robust approach to managing modern slavery risks requires an understanding of the maturity of your existing systems and controls with an articulated pathway to enhancing them over time. Building in learning from international leading practice and fundamental human rights principles can set a foundation for reporting on effectiveness under the mandatory criteria year-on-year, providing a benchmark for your response.

The following checklist provides practical guidance for businesses starting to take action to manage their modern slavery risks.

CHECKLIST

1 Raising awareness on modern slavery in the entity

- ☐ Have you informed management and board on modern slavery and their responsibilities to address it?
- ☐ Has the business conducted a strategic conversation on its risk appetite, values and level of ambition to respect human rights and contribute to eradicate modern slavery?

2 Understanding how modern slavery risks present in operations and supply chains

- ☐ Do you understand what behaviours and practices constitute modern slavery and likely risk factors for the business and sector?
- ☐ Has the business included modern slavery risks on its risk register?
- ☐ Has the business established accountabilities for identification of modern slavery risks (i.e. allocated lead responsibility at operational and senior management levels, and equipped staff for those roles)?
- ☐ Has the business collaborated with experts, civil society, victim advocates or other relevant stakeholders to assist with better identification of modern slavery risks?

3 Assessing the existing supply chain of the business

- ☐ Is the entity able to report at a group-level on behalf of all subsidiaries and across all geographies?
- ☐ Does the board receive regular updates on changes to the structure, operations and supply chain of the entity?
- ☐ Has the business determined its approach to publicly releasing detailed information about its operations and supply chains?

4 Designing and implementing a framework to address modern slavery risks

- ☐ Has the business established senior executive KPIs for managing modern slavery risks?
- ☐ Does the business express its commitment to protect human rights, including modern slavery, through a board approved public statement of policy?
- ☐ Does the board receive periodic reports on modern slavery risks? Is the risk committee (or equivalent) undertaking the more granular work associated with addressing modern slavery risks and addressing risks identified on the risk register?

- ☐ Has the business introduced assurance measures for reporting on modern slavery due diligence?

- ☐ Has the business established an effective grievance mechanism?

- ☐ Has the business established a framework for what it does when it has found evidence that modern slavery may exist in its supply chains?

- ☐ Has appropriate staff training, and education been put in place to ensure the organisation is able to implement its modern slavery obligations effectively?

5 Monitoring and evaluating the effectiveness of the company's actions

- ☐ Does the business monitor and review its human rights policies and their implementation?
- ☐ Has the business engaged with organisations that have in place more mature practices or have implemented regulatory obligations in other jurisdictions?
- ☐ Have management systems and controls uncovered any instances of modern slavery and, if not, are they robust enough?



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Australian
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Property, construction & modern slavery

**Practical responses for
managing risk to people**





Australian
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The essential guide for managing modern slavery risks in property and construction.

KPMG Australia has joined with the Australian Human Rights Commission to release a series of sector specific resources to help companies understand and effectively identify and manage their modern slavery risks.

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Effective management of modern slavery risks involves placing 'risks to people' at the heart of your response. Taking a rights based approach to addressing modern slavery will assist your business to meet the increasing expectations of investors, governments, clients, consumers, business peers and civil society around business respect for human rights.

Emeritus Professor Rosalind Croucher AM,
President of the Australian Human Rights Commission

Preparing your modern slavery statement can open up critical human rights conversations that educate senior decision makers and others. Once engaged with the value of the human rights risk lens your business is better positioned to prevent harm to people and ultimately manage risk to the business.

Richard Boele, Partner in Charge of KPMG Banarra Human Rights and Social Impact, Global Leader of Business and Human Rights Network, KPMG Australia

CONTENTS

Modern slavery in the property and construction sector	5
01 An introduction to modern slavery and the reporting requirement	6
02 The reality of modern slavery in property and construction	8
03 Risk to people & risk to business	13
04 Situating modern slavery risk within a broader rights-based approach	17
05 Practical responses	19
Conclusion	30
References	32
Endnotes	33

MODERN SLAVERY IN THE PROPERTY AND CONSTRUCTION SECTOR

Corporate human rights reporting in Australia has changed. Modern slavery legislation makes Boards responsible for public statements about their entities' efforts to manage the risk of modern slavery in their operations and supply chains.

Australia's *Modern Slavery Act 2018* (Cth) requires certain companies to report on their efforts to identify and address risks of modern slavery in their operations and supply chains. The Commonwealth Department of Home Affairs' *Guidance for Reporting Entities* provides general guidance to businesses about how to prepare for modern slavery reporting.

We understand that businesses need practical advice on how to respond to modern slavery risks.

This guide:

- 1 Highlights particular modern slavery risks prevalent in the property and construction sector.
- 2 Provides tips for the property and construction sector on leading practice and a rights-based approach to managing modern slavery risk.
- 3 Fosters transparent modern slavery reporting for the benefit of business, government and the people at risk of harm.

1.1 What does the *Modern Slavery Act 2018* (Cth) require?

Making an annual statement

The Modern Slavery Act 2018 (Cth) requires entities with a consolidated revenue of \$100 million or more to submit an annual modern slavery statement on what they are doing to identify and manage modern slavery risk in their operations and supply chain. The statements will be published on a central government registry.

Modern slavery statements require approval of the Board (or equivalent)¹ and the signature of a Director or a responsible member of the entity.

Entities that fall outside the threshold can demonstrate good practice by reporting through a voluntary 'opt in' mechanism.

The mandatory reporting criteria

There are seven mandatory reporting criteria:

- 1 identify the reporting entity
- 2 your structure, operations and supply chains
- 3 the risks of modern slavery practices in your operations and supply chain and any entities owned or controlled by you
- 4 actions taken to assess and address those risks, including modern slavery due diligence and remediation processes
- 5 how you assess the effectiveness of actions taken
- 6 the process of consultation with entities owned and/or controlled by you
- 7 any other information that you consider relevant

This guide focuses on the **risks** and **actions** to support your practical response to modern slavery.

1.2 What is modern slavery?

Modern slavery refers to a range of serious human rights violations, which are also crimes in Australia. The term is used to describe situations where coercion, threats or deception are used to exploit people and deprive them of their freedom.

Modern slavery includes trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services.²

While the *Modern Slavery Act 2018* (Cth) requires companies to look specifically at modern slavery, taking a broader approach and considering the full spectrum of human rights risks and impacts will enhance the credibility and strength of your modern slavery response and statement.

02

THE REALITY OF MODERN SLAVERY IN PROPERTY AND CONSTRUCTION

The statistics are stark. Globally, around 7 per cent of the workforce is employed by the property and construction sector and an estimated 18 per cent of modern slavery victims are found in the construction industry. Significantly, at least 22 per cent of forced labour victims are found in the manufacture and production of raw materials including in forestry, mining and quarrying – key suppliers for property and construction. Additionally, building materials are often sourced from high-risk geographies known to be associated with poor working conditions and forced and child labour.

The property and construction sector faces an elevated risk of modern slavery within its operations and supply chains as a result of intersecting structural and contextual risk factors. According to BIS Oxford Economics, trends in the sector include a significant growth in construction in Australia despite the impacts of the COVID-19 pandemic³. This fuels an increased demand for a base-skill workforce (sometimes known as low-skill workers) who are vulnerable to exploitative practices, and for raw materials that are often sourced from high risk geographies. As construction and investment in infrastructure picks up post-COVID-19 the vulnerability of these worker groups will be exacerbated, as people choose work, irrespective of conditions.

Business models in the sector tend to be heavily based on outsourcing, which increases the complexity of operations and supply chains and decreases the visibility of labour risks and impacts. It is not uncommon for hundreds of work streams to be associated with one construction project. The prevalence of numerous short-term engagements across multiple sites, often with small and medium sized enterprises, can make facilitating a collaborative approach to risk management particularly challenging. The sector also places a heavy reliance on contract terms, predicated on low margins and significant pressure on delivery times.

Responding effectively to your modern slavery risks involves understanding the types of exploitative labour practices and breaches of human rights that give rise to situations where modern slavery flourishes. This understanding will allow your entity to prevent or address high risk situations early, before they rise to the severity of modern slavery.

Common modern slavery practices in property and construction:



Forced or unpaid work



Unsafe conditions



Bonded and child labour



Inadequate accommodation



Passport confiscation



Human Trafficking

Why is property and construction high risk?



High demand for low-skilled labour force



Poor visibility over long and complex supply chains



Low-tier suppliers operating in high-risk geographies

Key trends in the sector that intersect with risk:

Australian Infrastructure and Construction expected growth of 10% in 2019. Broad trends for engineering construction are still expected to eventuate in 2020.

↑ 10%

Part-time workers make up 32% of workforce (up from 26% in 2000)

↑ 32%

Commercial Cleaning Services anticipated growth of 2.2% in FY18

↑ 2.2%

CASE STUDIES: SLAVERY-LIKE PRACTICES IN PROPERTY AND CONSTRUCTION

Debt bondage

Debt bondage is a slavery-like practice that occurs when a person has to work to pay off a debt. The value of the person's work usually exceeds the debt owed and illegal fees are often deducted from wages so that the debt is never paid, preventing the person from leaving the exploitative situation. Bonded labourers may also experience various forms of physical and psychological abuse, including long working hours, coercion, intimidation and violence.

On the false promise of long-term work or permanent residency, foreign workers and students have borrowed and paid significant amounts of money for skilled worker visas to come to work in Australia. Instead, they have found themselves in temporary work with little or no pay, forced into debt bondage to pay off the debts. The workers sometimes have their passports seized so they cannot leave and are threatened if they join a union or report their circumstances to authorities.

Korean workers in debt bondage have been found in Australian construction sites, building offices and residential blocks.

The workers had no employment contracts and no agreement on rates of pay or conditions. Hired through contractors and subcontractors, the workers did not receive appropriate training or protective equipment. They were told to use each other's safety induction cards as subcontractors turned a blind eye to reduce costs. To repay the loans to recruitment and migration agents, the workers' salaries were deducted with exorbitant interest rates, along with rent, food and other expenses. They were crowded into small rooms with seven or eight people for accommodation.⁴

In one case in Sydney, a Korean tiler died from severe respiratory illness, most likely due to his tiling work. He was an undocumented worker in the construction industry for 12 years, with no workers' compensation, no superannuation and was never recorded on employers' records. With no money to see a private doctor, he was fearful to seek treatment in a public hospital in case he was detained for working illegally.⁵



Raw materials in construction

Overseas raw materials in the construction supply chain pose an elevated risk of modern slavery practices, including bricks, clay, lime and cement materials, textiles and natural rubber. Sourcing materials and imported goods from overseas often involve complex supply chains and multiple tiers including contractors and sub-contractors, resulting in limited visibility for property and construction companies over modern slavery risks. Raw materials are predominantly sourced from geographies with a high risk of modern slavery, exacerbated by conflict, poverty, displacement, weak rule of law, corruption and state failure to protect human rights.

Forced labour and child labour have been found in brick kilns in countries such as India, Pakistan, Bangladesh and Cambodia.⁶ Dubbed 'blood bricks', men, women and children work in hazardous and physically dangerous conditions, moulding and lifting bricks into brick mounds outside Hyderabad, India.

Tens of thousands of Indian families travel to the brick kilns for the six-month season where workers work 12 to 18 hours a day, suffering abuse, withheld wages, exploitation and poor health conditions from smoking bricks. The bricks are used to build offices, factories and other buildings for multinational companies around the world.⁷

Brick making is laborious and physically demanding work. In Cambodia, the impacts of climate change on crop yields have forced farmers and their families into bonded labour in brickmaking to pay off debts from loan sharks. As a last resort, the families turn to brick factory owners who buy their debts, but few families and their children will ever pay off the loans. Many have been exposed to serious health impacts, including amputated limbs from operating dangerous machinery, lack of safety equipment and noxious gases that cause life-threatening respiratory diseases.⁸

Vulnerability of workers on temporary visas

Workers on temporary visas in Australia are particularly vulnerable to modern slavery practices, including foreign workers, international students and working holiday visitors. While migrant exploitation is a long-standing problem, greater numbers of workers are being exposed to modern slavery risks. The number of temporary visa holders in Australia has grown by more than 50 per cent in the past decade. The Australian Government Migrant Workers' Taskforce estimates up to half of Australia's migrant workers may be underpaid.⁹

Foreign workers on temporary visas face a precarious situation, with little experience working in Australia, language barriers and a lack of understanding of their rights and Australia's workplace laws. Their expectations of work conditions may be based on their experiences in their home country. The seasonal and urgent nature of labour also creates a reliance on outsourcing, subcontracting and use of labour hire operators, with poor governance and oversight.

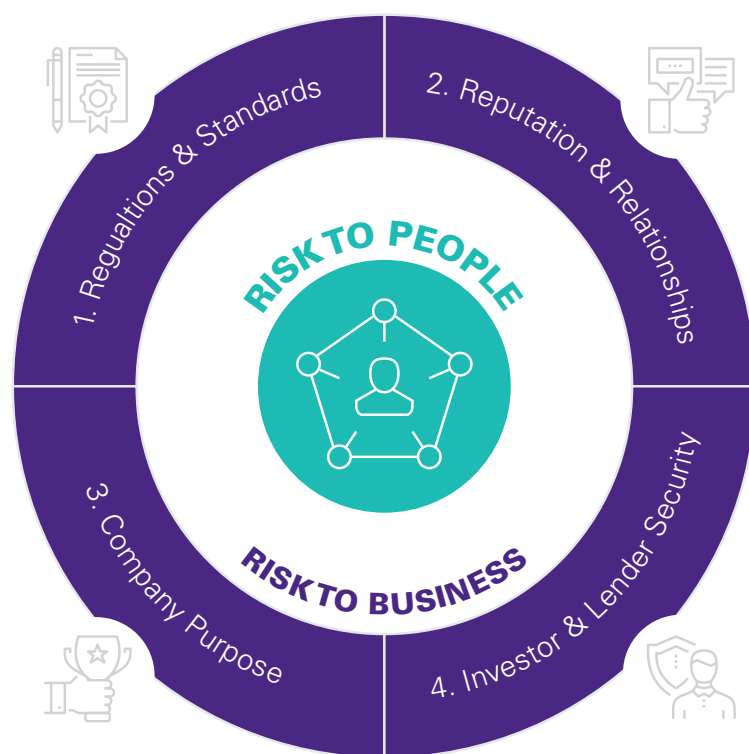
Temporary visas have conditions and restrictions such as the hours of work permitted and the need to work in a regional area. As well as being underpaid, workers may be coerced to work beyond the restrictions of their visas, causing them to be fearful to report their exploitation as they are in contravention of their own visa conditions which can result in visa cancellation, detention and removal from Australia. Employers may withhold a visa holder's passport and threaten to have the visa cancelled by authorities.

For example, in 2015, the Australian Manufacturing Workers' Union exposed a fit-out company for charging illegal visa fees and underpaying wages to a group of migrant workers on the 457 visa scheme. The skilled fitters moved to Australia on the promise of lucrative wages, board and lodging, but the company paid them at almost half the rate of Australian fitters, failed to pay overtime rates and stopped paying any wage after six weeks. The company also illegally and secretly deducted visa fees and industry fees. With no wages, the workers became homeless and were forced to sleep and live on an office floor.

03

RISK TO PEOPLE & RISK TO BUSINESS

Failing to engage meaningfully with and report on human rights exposes people to harm and companies to significant business risk. The modern slavery reporting requirement will help direct corporate responses, including the development of systems and processes that identify and address modern slavery risk and ultimately mitigate and account for harm to people. In this section we consider how to put risk to people first and then consider how this can help companies assess the risks to their business if they fail to respond to modern slavery.



3.1 Focusing on risk to people

The Australian Government has made it clear that it expects business to identify and manage risk to people. The *Guidance for Reporting Entities* explains that effective company responses to the modern slavery reporting requirement should be grounded in the human rights due diligence framework outlined in the 2011 *United Nations Guiding Principles on Business and Human Rights* (UNGPs).¹⁰

A key difference between human rights due diligence and traditional business due diligence and risk management is that human rights due diligence focuses on risks *to people* rather than risks *to the business*.

A risk-based approach from a human rights due diligence perspective means that businesses should prioritise addressing the most severe risks to people first. The most severe risks to people in relation to modern slavery will usually, though not always, also align with risks to your business (such as reputational or financial risks). However, taking a 'risk to people' approach, you will need to ask the question in a different way: how might people be harmed as a result of this business activity, decision or purchase? For instance, a typical metric used to narrow risk assessment of vendors in your supply chain, may be highest spend, however, the areas of biggest risk to people may sit outside your high-value, strategic suppliers.

Prioritising on the basis of highest risk to people means that property and construction companies would focus on their modern slavery risk hotspots, such as raw materials from high risk geographies, vulnerable populations providing labour in construction and cleaning, or high risk business models with low visibility of labour practices in the supply chain.

Considerations of a company's level of influence, alongside the severity and remediability of potential impacts, can help guide a company's mitigation and response.

As you develop a human rights risk-based response which prioritises severe risks to people, your due diligence process should include a mechanism that will enable you to demonstrate the effectiveness of the steps you are taking over time. Ideally, human rights due diligence processes for managing modern slavery and other human rights risks will be integrated with existing risk management processes in your business.

3.2 Business exposure to risk

Business faces exposure around human rights risks in four domains: regulatory reporting requirements and standards, reputational damage and eroded public trust, investor scrutiny of social impact credentials, and values alignment for employees.



1. Regulations and standards

International frameworks and domestic legislation with cross-jurisdiction reporting requirements are all advancing. Relevant developments include:

- *Modern Slavery Act 2018* (Cth)
- *Modern Slavery Act 2018* (NSW)
- Similar legislation in other jurisdictions, including the *French Corporate Duty of Vigilance Law*, *Modern Slavery Act 2015* (UK), *California Transparency in Supply Chains Act*, and *EU Directive on Non-Financial Disclosures*.

These legislative developments have been driven and informed by the 2011 UNGPs, which confirmed the corporate responsibility to respect human rights and a framework for addressing human rights risks. This framework requires businesses to address their adverse human rights impacts by taking measures to prevent, mitigate and where appropriate, remediate, human rights harm.

Along with increased regulatory requirements, the sector has seen deeper incorporation of social issues into existing certification schemes, including Green Star and Infrastructure Sustainability Council of Australia (ISCA) IS rating tool.



2. Reputation and relationships

Modern slavery reporting requirements are, at their core, transparency requirements aimed at increasing corporate responsiveness to modern slavery.

The reputational risk imposed by stakeholders, including the media, civil society and labour unions, calling out unaddressed modern slavery risk, can be high. There is increased emphasis placed on the benchmarking of corporate performance on human rights, such as the Corporate Human Rights Benchmark (CHRB)¹¹ that is produced annually by an investor and civil society-run organisation. In other jurisdictions, civil society groups have produced reports benchmarking published modern slavery statements and highlighting companies demonstrating leading and poor human rights practice.¹² These are key market accountability mechanisms on which the transparency legislation relies to encourage good practice in managing the risks of harm to people. Increased scrutiny from the media and civil society organisations means that a failure to respond meaningfully to modern slavery can lead to a fundamental corrosion of trust.



3. Company purpose

For many companies, addressing modern slavery is the 'right thing' to do. It aligns with their purpose, culture and values. Employees are also increasingly demanding that their employer considers the human rights impacts of their business. The efforts of Australian companies to address their modern slavery risks also contribute to the achievement of United Nations Sustainable Development Goal 8, Target 8.7, which asks for effective measures to eradicate modern slavery by 2025.

In a context where the construction sector in particular is seeking differentiators to attract talent, a focus on responsible business practices provides an opportunity for companies to both appeal to and retain employees. Property management companies, who have typically focused on environmental performance as a key market differentiator, have an opportunity to extend that values-based work into the social domain.



4. Investor and lender scrutiny

Investors and lenders are increasingly analysing human rights performance. Companies that cannot demonstrate that they are putting in place appropriate systems to identify and address these risks may experience loss of substantial investors or devaluation of their business. This applies especially in contexts where third parties raise allegations of modern slavery practices in relation to a company or its supply chains. This pressure is rising with the introduction of modern slavery legislation in Australia and around the world, as investors themselves may be the subject of required reporting.¹³ At present, few companies do any quantitative analysis of financial impacts arising from brand damage, loss of reputation and interruptions to production that may arise from human rights issues.





04 SITUATING MODERN SLAVERY RISK WITHIN A BROADER RIGHTS- BASED APPROACH

While the *Modern Slavery Act 2018* (Cth) requires companies to look specifically at modern slavery, taking a broader approach and considering the full spectrum of the company's human rights risks and impacts in their activities and relationships will enhance the credibility and strength of the modern slavery response and statement. It will also enable a whole of business approach to managing human rights risks and impacts.

Modern slavery does not occur in a vacuum and situations where modern slavery takes place are likely to already involve a range of other violations of the human rights of workers. Ideally, your investigation of modern slavery risks will also involve investigation of the presence of other human rights risks presented by your company's activities and relationships. The benefit of this more holistic approach is that it allows for early identification and response in contexts where human rights violations may be taking place, thus decreasing the opportunities for severe human rights violations like modern slavery to flourish.

While all human rights may be impacted in the course of activities and operations within the property and construction sector, there are a number of human rights of workers that are likely to be adversely impacted. These labour-related rights are the rights that govern the relationship between worker and employer. These rights underpin the core labour standards that are necessary to provide decent working conditions to all people who perform work. For example, the right to work is a fundamental human right. It can significantly affect the enjoyment of other human rights, including the right to health, adequate food, clothing and housing, and culture. The employment relationship can be a site of unequal power dynamics that increase the risk of human rights violations. Extreme erosion of rights may result in forced or involuntary labour, including for vulnerable populations such as children and migrant workers.

Commonly infringed human rights of workers in the property and construction sector



Right to enjoy just & favourable conditions of work



Freedom from discrimination & harassment in employment



Freedom of assembly & association and right to strike



Freedom from discrimination on the basis of protected attributes



Right to health (physical & mental)



Right to safety



Right to decent work



Freedom from slavery & slavery-like conditions

Meeting the business responsibility to respect human rights under the UNGPs also means considering the human rights of communities that may be adversely impacted by a property or construction project, such as the right to social, economic and cultural development, and self-determination. The rights of Indigenous Peoples also often deeply intersect with and can be impacted by infrastructure and construction projects. The right to water is another critical example of a human right that can be impacted by property and construction projects. Property and construction companies in particular have the opportunity to critically reflect on and account for the intersection between environmental harm and human rights risks and impacts.

05

PRACTICAL RESPONSES

A practical response to the mandatory reporting requirements will focus on:

1. identifying modern slavery **risks**
2. **actions** taken to assess and address modern slavery risks and impacts
3. measuring the **effectiveness** of your response.

While you may still need to determine some important threshold questions, such as your consolidated annual revenue, relevant reporting entities, and your approach to joint statements for corporate groups, the most efficient and effective responses will focus on doing the work of finding and addressing modern slavery practices.

In this section, we help you to understand the nature of modern slavery risks in the property and construction sector, along with practical examples of how and where modern slavery can manifest. Second, we provide practical guidance on actions your company can take to manage identified risks, using the rights-based approach outlined in the UNGPs.



5.1 Identifying modern slavery risks

Key modern slavery risk factors

The behaviours and practices which constitute modern slavery are serious human rights violations. The level of risk of modern slavery depends on a range of intersecting contextual factors. Particular procurement categories are also regarded as having more significant inherent modern-slavery related risks.

There are four key factors which elevate the risk of modern slavery: vulnerable populations, high risk business models, high risk categories, and high risk geographies. Where multiple high risk factors co-exist, there is a higher likelihood that actual harm is being experienced, and additional controls are required to ensure that risk does not become harm.



The important role of civil society and communities

The property and construction sector carries inherent modern slavery risks. Even if you are confident in your company's modern slavery risk management systems, often the best information comes from consultation and collaboration. Civil society organisations and communities can be valuable partners in identifying areas at high risk of modern slavery across your operations and supply chain.

Failure to consult and transparently report may have a negative reputational impact. Civil society has called out companies in industries where modern slavery risks are prevalent (such as raw materials), but where the company has nonetheless failed to report the identification of modern slavery risks in their operations and supply chains.¹⁴ Reporting that you have 'no modern slavery risks', or that you are not taking steps to manage modern slavery risks prevalent in property and construction industry may come under similar scrutiny.

Key trends and modern slavery risk areas for property and construction

Over a 17-year period, the construction sector in Australia has produced in excess of 410,000 new jobs and is predicted to grow another 10 per cent in the next few years, although COVID-19 may affect modelling of growth. Part-time workers make up 32 per cent of workforce (this is an increase from 26 per cent in 2000). At the same time, commercial cleaning services associated with asset management had an anticipated growth of 2.2 per cent in FY18, with a similar upward trajectory since. Key growth drivers include outsourcing trends and an increased number of businesses across the economy. Some are predicting an infrastructure-led recovery following the global pandemic, with strong calls for policy settings that will enable us to 'build back better'.

The structure of property and construction tendering and procurement processes contributes to the sector's competitiveness, but also elevates the risk of modern slavery. Part of identifying your company's risks of modern slavery includes considering how your business

structure and timing of project milestones may be creating downward pressure on your supply chains and business relationships, in a way that gives rise to labour exploitation and modern slavery.

For example, the sector experiences relatively high transaction costs relating to procurement, bidding and contract/commercial administration, and has seen increased levels of management and coordination of activities on site, related to a large number of separately contracted trades. Additionally, as a result of the volume of imported materials and services, transactions tend to become commoditised and purchasing decisions are made on simplified commercial criteria such as price and availability.

The long and multi-tiered supply chains that typify the property and construction sector often mean that there is little visibility and control over the recruitment and employment practices of suppliers and subcontractors.

A single supply chain for a major contractor can consist of hundreds of sub-contractors, labour agencies and material suppliers with complex inter-relationships. Low-tier suppliers may operate in multiple high-risk countries, with low-regulated environments, low levels of education and public awareness, and high levels of corruption.

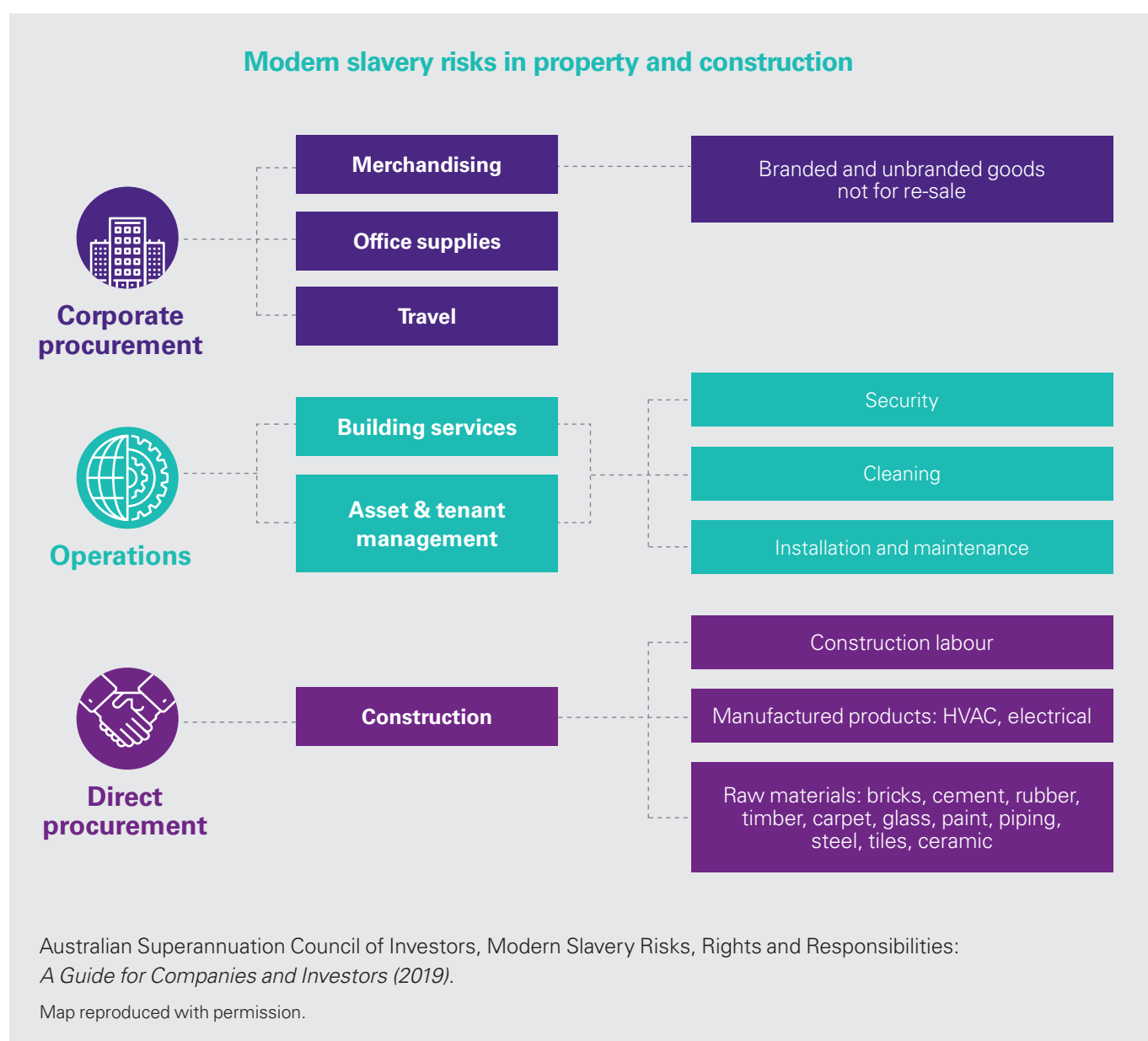
Property companies specialising in operations and maintenance are known to face particular pressures to reduce operational expenditure, which often leads them to choose the lowest cost options in corporate services such as security and cleaning. These services are at high risk of modern slavery due to a confluence of high risk factors.

Currently, risk matrices applied to the purchase of products and services in property and construction rarely take into account additional factors which would give a business visibility over potential human rights impacts. Risk matrices generally do not include explicit human rights criteria, and the health and safety criteria they do include tends to be limited to consideration of fatalities on site or in local supply chains only.

The role of mapping

Mapping critical areas of modern slavery risk in property and construction assists with identification of risk. It is helpful to consider three primary areas of procurement of services and products relevant to property and construction: corporate procurement, operations and direct procurement.

The following pages will help you understand how high-risk factors affect property and construction and support you to identify and map your own modern slavery risk areas.



1. Corporate procurement

Corporate procurement of services, such as merchandising and travel, present significant modern slavery risks.

Travel procurement categories are sometimes overlooked for human rights risks such as modern slavery. Hospitality, hotels and ports are all notorious for the risk of modern slavery practices including trafficking.

Procurement of branded and unbranded goods for merchandising purposes is another significant risk hotspot. Company merchandise such as apparel, umbrellas, and other promotional items, is often sourced from high risk geographies, such as those with weak labour laws, lack of freedom of association or a living wage. Companies can face substantial reputational risk if modern slavery is found to be present in the manufacture of these items, particularly branded goods, especially if the business does not already have appropriate systems in place to identify, address and remediate modern slavery.

2. Operations

The property and construction sector faces a particular modern slavery risk hotspot in building services procurement. For example, security and maintenance tend to carry base-skill labour risks. Asset and tenant management can involve relationships with tenants who operate in hospitality, beauty and other such services which have higher risks of association with forced labour and trafficking practices.

In Australia, the poor working conditions and intersecting risks for cleaners are now well documented. Base-skill labour, vulnerable populations and high-risk business models come together to elevate the risk of modern slavery practices. There is additional information in the cleaning case study which follows in section 5.3.

3. Direct procurement

Construction is a risk hotspot for modern slavery. The seasonal nature of work, the base-skill labour risk, the prevalence of human trafficking and the use of third-party labour hire arrangements all combine to enhance the risk of modern slavery in this space.

The exploitation of construction workers can manifest itself in various forms. Research from the Australian Institute of Criminology describes allegations of serious exploitation of migrant workers (especially those on temporary visas) in the Australian construction industry, that in turn point to modern slavery risks in the sector.¹⁵ These allegations include workers being subject to various forms of exploitation such as being deceived about the legality of their work contracts or their conditions or pay; significant underpayment; improper deductions taken from wages by labour hire companies to pay exorbitant recruitment fees; being expected to work excessive hours; being isolated, confined or subject to surveillance; passport confiscation; physical abuse or threats of abuse; and threats of being reported to authorities.

In addition to construction labour, sourcing raw materials from high risk geographies often compounds the risk. Australian companies commonly source raw building materials from Asia, a region considered as high risk for modern slavery, particularly in India, Pakistan, Cambodia, Myanmar, Bangladesh, Philippines, and workers from North Korea. Common product categories have been found to be produced by child and forced labour, including bricks, tiles, cement, granite, rubber and timber.

The sourcing and use of manufactured products, such as HVAC and electrical products, introduces an additional layer of complexity and risk. The need for multiple components means there are cascading and inter-related supply chains implicated in their procurement.

Key risk identification steps

For property and construction industries, a key initial focus of an effective response to modern slavery risks will be on consolidating supplier information held across the business or group and developing a human rights or modern slavery specific policy that can be cascaded through procurement and commercial practices.

Identifying the modern slavery risks in your business, across corporate procurement, direct procurement and operations (discussed above), should be an ongoing process. As you gain greater visibility over your supply chains and understanding of relevant suppliers and geographies your company is engaging with or sourcing from, you will increase your understanding of the modern slavery risks.

Sector collaboration

Collaborative property sector initiatives aiming to increase visibility over supplier performance are supported by the Property Council of Australia and Green Building Council of Australia.

For example, members of the Property Council's Modern Slavery Working Group comprising procurement, sustainability and risk managers, have collaborated to create the Property Council Supplier Platform, which enables members to collect, compare and share supplier data. The platform asks key suppliers about the actions they are taking to assess and address human rights issues and modern slavery risks across shared operations and supply chains.

Engaging with sector peers could form an element of your practical response and be reported in your modern slavery statement.



SUMMARY: KEY RISK IDENTIFICATION STEPS

- 1 Map your operations and supply chain.
- 2 Identify areas of operations and supply chain where high risk factors are present with internal cross-functional engagement.
- 3 Test your assumptions through consultation with relevant external stakeholders.

5.2 Assessing and addressing modern slavery

According to the Commonwealth Department of Home Affairs' *Guidance for Reporting Entities*, effective business responses to the mandatory reporting requirement should be grounded in the human rights due diligence framework outlined in the UNGPs.

In practice, this means:

1. Having a **policy commitment** to meet the business's responsibility to respect human rights.
2. Conducting a **human rights due diligence process** to identify, prevent, mitigate and account for how the business addresses its human rights risks, such as modern slavery.

This process involves:

- **risk identification and assessment** informed by mapping your operations and supply chain and identifying and prioritising the most severe risks
 - acting on the findings of the risk identification and assessment, by implementing **risk management measures**, including training
 - **monitoring** the risk management measures taken and **reporting** on them for example, in your annual modern slavery statement.
3. **Remediation** of human rights harms (such as modern slavery) that the business causes or to which it contributes. Where the business does not cause or contribute to the harm, but is directly linked to the harm (for example, through a supplier relationship) then the business should use its leverage and influence to prevent or mitigate the harm from reoccurring, and to ensure the person harmed is remediated. Having effective remediation processes in the modern slavery context includes:
 - responding to the identification of instances of modern slavery in a manner that does not jeopardise the safety of victims, ideally working with expert advisors, such as local NGOs
 - having a trusted, confidential grievance mechanism (and ensuring your suppliers have one), to elevate and address worker concerns, and to act as an early warning system for modern slavery risks.



CASE STUDIES: PRACTICAL ACTIONS IN THE PROPERTY AND CONSTRUCTION SECTOR

Below we outline a range of practical examples of companies operating in the Australian property and construction sector undertaking risk management actions to address their modern slavery risks.

Adopting a human rights approach

A diversified property development company in Australia recognised that taking a human rights approach to issues and risk identification was more efficient than taking a siloed view of modern slavery risk management. It understood the benefit of situating efforts to identify and address modern slavery risks within a broader human rights due diligence framework, and undertook a review of its salient human rights issues. This included dedicated research over strategically selected inputs, and a suite of internal and external interviews that gathered information simultaneously socialised human rights across the business. The findings were tested and validated in a range of ambition setting workshops. The company also socialised human rights across the business via an interactive presentation.

Governance for a human rights commitment

Seeing the importance of a whole-of-business response, a property development company established a cross-functional working group to build collaborative ownership of responsible sourcing, including modern slavery risk management. The company made a commitment to undertake a supply chain review to ensure that the products and people within its supply chain come from reputable places and fair working conditions. The responsibility of the cross-functional working group is to assist with establishing a group-wide commitment to responsible supply chain management, establishing an approach to responsible supply chain due diligence, increasing employee awareness and capacity on responsible supply chain management, and to engage suppliers on capacity to meet the company's supplier requirements.



Contract terms and monitoring in high risk geographies

An infrastructure, engineering and social development company identified the risks associated with its overseas operations in high-risk jurisdictions. The first step it took in incorporating human rights and modern slavery risk criteria into each stage of the supplier engagement lifecycle was to include expectations set by its public commitments on human rights into contracts and contract management. Building enforceable human rights terms into standard contract terms provides the company with an opportunity to either: a) terminate a relationship when risk is deemed too high or when a supplier's risk profile changes (depending on risk appetite), or b) use the potential material breach of contract to initiate dialogue and engagement with the supplier. Termination of a supplier relationship is only advised when it won't exacerbate the risk of harm to people.

Building capability through workshop training

Training and raising awareness enable the effective implementation of policies and processes in practice. To train procurement and supplier management staff, a real estate investment trust company delivered tailored human rights and modern slavery workshops with four of its business functions including the office and industrial division, retail, capital works and development. The workshops provided participants with an overview of risks in the property sector and helped them understand the particular human rights risks present in the company's supply chain. The workshops demonstrated to the participants the ways in which they could identify and manage human rights risk in their individual roles, such as monitoring and supplier engagement.

Multi-stakeholder collaboration

Cleaning services have been associated with numerous instances of exploitative labour in Australia and is key risk area for the property and construction sector. The increased risk of modern slavery in cleaning services is largely due to the high demand for base-skill labour intersecting with exploitative and opaque business models.

In the property sector, procurement category managers who are responsible for building services need to understand the particular risks faced by cleaners. Cleaning services are generally provided through outsourced business models, which reduces visibility of labour standards. As a base-skilled workforce, cleaners often come from vulnerable populations, including migrant backgrounds. Uncertain residency status, insecure employment and limited English skills create additional barriers for cleaners to report exploitation and seek assistance.

In Australia, exploitation of cleaners has manifested itself in various ways, including breaches of workplace laws, fraudulent contractual arrangements, payments below minimum wage, as well as poor job security, occupational health and safety issues and poor treatment of workers. These practices disregard the rights of cleaners to fair compensation, safety and dignity at work. Multiple Fair Work Ombudsman inquiries have also revealed breaches of workplace laws by cleaning contractors, including payments well below minimum lawful entitlements.¹⁶

To address the high risk of modern slavery in cleaning services, the Cleaning Accountability Framework (CAF) was established as a cross-sector collaborative effort to increase industry transparency and traceability through a responsible procurement model. CAF aims to drive compliance by incentivising companies to adopt good practice in pursuit of a certified star rating. CAF also seeks to put cleaners at the heart of its certification process by encouraging cleaners to monitor ongoing compliance.¹⁷ CAF's national certification scheme assesses labour rights compliance at buildings. CAF works with independent auditors, cleaners, the union and a certification panel made up of key stakeholders to verify that the CAF Standard is being met at a building.

By ensuring independent and worker voices are included, CAF strengthens its engagement as a multi-stakeholder initiative and adopts a rights-based approach grounded in participation and empowerment. GRESB, the environmental, social and governance benchmark for the property sector now recognises CAF building certification as part of GRESB Assessments.¹⁸

"When cleaners are empowered to speak up about their working conditions and all supply chain stakeholders take accountability for their welfare, the conditions that breed slavery and exploitation cease to exist.

CAF is a world-leading labour rights compliance scheme because we focus on empowering cleaners (and other supply chain stakeholders) to uphold standards throughout the life of certification. This takes us well beyond social and point in time audits as we aim to drive industry-wide change and meaningful improvements/impact to the lives of cleaners."

Poonam Datar, CEO,
Cleaning Accountability Framework

Key risk management steps

Embedding a human rights commitment and operationalising it requires that a chain of command be established, and clear roles and responsibilities defined to manage human rights, including modern slavery risks. Cross-functional ownership is especially helpful for embedding human rights related commitments across both operations and procurement in the context of the commonly decentralised business practices of the property and construction sector.

The often decentralised or project specific procurement practices in the sector will require specific attention, as will bringing together a range of internal stakeholders to drive a company-wide response. Construction procurement risk management processes are sometimes more robust and there may be key learnings to take across to other parts of the business. As discussed above, your business may benefit from engagement and consultation with experts, civil society and trade unions as you undertake the task of identifying and responding to your modern slavery risks.

As modern slavery risks tend to be common across industries, the process of identifying and managing modern slavery risks provides opportunities for sector-wide collaboration and peer learning. Collaborating with your peers and engaging with external expertise can increase the ease and effectiveness of your response to modern slavery risks and can offer important leverage to secure greater supplier compliance with new expectations regarding modern slavery and other responsible sourcing considerations.



SUMMARY: KEY RISK MANAGEMENT STEPS

- 4 Confirm accountabilities.
- 5 Establish governance structures and cross-functional responsibilities.
- 6 Benchmark existing:
 - commitment
 - risk management systems and controls
 - grievance mechanisms and remediation.
- 7 Incorporate explicit modern slavery risk considerations into risk processes.

CONCLUSION

Some of you will be right at the start of your modern slavery risk management journey. This will mean that you will need significant internal buy-in and require foundational human rights commitments. For others, you may have already developed quite sophisticated approaches to human rights, perhaps as part of an ESG framework or other approaches to social impacts. For most, you will have existing risk systems and controls around which you can build or retrofit human rights considerations.

A robust approach to managing modern slavery risk requires you to understand the maturity of your existing systems and controls and a pathway to enhancing them over time. Building in learning from international leading practice and fundamental human rights principles can set a foundation for reporting on effectiveness under the mandatory criteria year-on-year, providing a benchmark for your response.

The following checklist provides practical guidance for companies starting to take action to manage their modern slavery risks.

Understanding how modern slavery risks present in operations and supply chains

- ☐ Do you understand what behaviours and practices constitute modern slavery and likely risk factors for the business and sector?

- ☐ Has the company included modern slavery risks on its risk register?

- ☐ Has the company established accountabilities for identification of modern slavery risk (i.e. allocated lead responsibility at operational and senior management levels, and equipped staff for those roles)?

- ☐ Has the company collaborated with experts, civil society, victim advocates or other relevant stakeholders to assist with better identification of modern slavery risks?

Assessing a company's existing supply chain.

- ☐ Is the entity able to report at a group-level on behalf of all subsidiaries and across all geographies?

- ☐ Does the board receive regular updates on changes to the structure, operations and supply chain of the entity?

- ☐ Has the company determined its approach to publicly releasing detailed information about its operations and supply chain?

A version of these checklists first appeared in Australian Superannuation Council of Investors, *Modern Slavery Risks, Rights and Responsibilities: A Guide for Companies and Investors*. Reproduced with permission.

Designing and implementing a framework to address modern slavery risks

- ☐ Has the company established senior executive KPIs for managing modern slavery risk?

- ☐ Does the company express its commitment to protect human rights, including modern slavery, through a board approved public statement of policy?

- ☐ Does the board receive periodic reports on modern slavery risk? Is the risk committee (or equivalent) undertaking the more granular work associated with addressing modern slavery risks and addressing risks identified on the risk register?

- ☐ Has the company introduced assurance measures for reporting on modern slavery due diligence?

- ☐ Has the company established an effective grievance mechanism?

- ☐ Has the company established a framework for what they do when they have found evidence that modern slavery may exist in their supply chains?

- ☐ Has appropriate staff training and education been put in place to ensure the organisation is able to implement their modern slavery obligations effectively?

Monitoring and evaluating the effectiveness of the company's actions

- ☐ Does the company monitor and review its human rights policies and their implementation?

- ☐ Has the company engaged with organisations that have in place more mature practices or have implemented regulatory obligations in other jurisdictions?

- ☐ Are the company's systems and controls effectively identifying instances of modern slavery?

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ENDNOTES

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